

**NORTHVIEW PUBLIC SCHOOLS**  
**Kent County, Michigan**

Comprehensive Annual Financial Report

For the year ended June 30, 2005

**NORTHVIEW PUBLIC SCHOOLS**  
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For the year ended June 30, 2005

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## **FINANCIAL SECTION**

Hungerford, Aldrin,  
Nichols & Carter, P.C.  

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CPAs AND CONSULTANTS

**INDEPENDENT AUDITOR'S REPORT**

September 23, 2005

The Board of Education  
Northview Public Schools

We have audited the accompanying financial statements of the governmental activities, the major fund and the aggregate remaining fund information of Northview Public Schools (the "District") as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's elected officials and management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the major fund and the aggregate remaining fund information of Northview Public Schools as of June 30, 2005, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2005 on our consideration of Northview Public Schools' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of Northview Public Schools. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Hungerford, Alden, Nichols & Carter, P.C.*

Certified Public Accountants

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**NORTHVIEW PUBLIC SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2005**

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As management of the Northview Public Schools ("the District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2005. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which immediately follow this section.

**Overview of the Financial Statements**

This annual report consists of three parts: Management's Discussion and Analysis (this section), the Basic Financial Statements and Supplemental Information. The Basic Financial Statements include two kinds of statements that present different views of the District:

- The first two statements, the Statement of Net Assets and the Statement of Activities, are *district-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
  - ♦ *Governmental funds statements* tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
  - ♦ *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The Basic Financial Statements also include Notes to Basic Financial Statements that explain the information in the Basic Financial Statements and provide more detailed data. Supplemental Information follows and includes combining and individual fund statements.

**District-wide Statements**

The district-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two district-wide statements report the District's net assets, and how they have changed. Net assets - the difference between the District's assets and liabilities - is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, one should consider additional non-financial factors such as changes in the District's property tax-base, economic factors that might influence state aid revenue, and the condition of school buildings and other facilities.



**NORTHVIEW PUBLIC SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2005**

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In the district-wide financial statements, the District's activities are presented as follows:

- *Governmental activities:* The District's basic services are included here, such as regular and special education, instructional support, transportation, administration, community services, food service and athletics. State aid and property taxes finance most of these activities.

**Condensed District-Wide Financial Information**

The Statement of Net Assets provides financial information on the District as a whole.

	<u>2005</u>	<u>2004</u>
<b>Assets</b>		
Current assets	\$ 12,612,220	\$ 9,752,301
Capital assets, net book value	<u>26,554,687</u>	<u>26,937,648</u>
<b>Total Assets</b>	<b><u>39,166,907</u></b>	<b><u>36,689,679</u></b>
<b>Liabilities</b>		
Current liabilities	8,665,672	6,867,502
Long-term liabilities	<u>22,917,059</u>	<u>24,161,182</u>
<b>Total Liabilities</b>	<b><u>31,582,731</u></b>	<b><u>31,028,684</u></b>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	2,677,263	1,110,092
Restricted	1,735,601	1,131,006
Unrestricted	<u>3,171,312</u>	<u>2,794,765</u>
<b>Total Net Assets</b>	<b><u>\$ 7,584,176</u></b>	<b><u>\$ 5,660,995</u></b>

The results of the fiscal year's operations for the District as a whole are presented in the Statement of Activities, which shows the change in total net assets for the year.

**NORTHVIEW PUBLIC SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2005**

The Statement of Activities presents changes in net assets from operating results:

	<b>2005</b>	<b>2004</b>
<b>Program Revenues</b>		
Charges for services	\$ 969,207	\$ 1,014,561
Operating grants	4,138,352	3,354,647
<b>General Revenues</b>		
Property taxes	7,364,450	6,686,922
State school aid, unrestricted	19,829,789	19,510,693
Interest earnings	153,239	37,014
Other	442,436	220,175
<b>Total Revenues</b>	<b>32,897,473</b>	<b>30,824,012</b>
<b>Expenses</b>		
Instruction	17,827,494	17,776,517
Supporting services	9,909,302	8,681,864
Community services	338,158	316,107
Food service	872,246	877,595
Athletics	728,338	659,145
Other	77,379	10,002
Interest on long-term debt	1,221,376	1,251,791
<b>Total Expenses</b>	<b>30,974,293</b>	<b>29,573,021</b>
Increase in net assets	1,923,181	1,250,991
<b>Net Assets - Beginning of Year</b>	<b>5,660,995</b>	<b>4,410,004</b>
<b>Net Assets - End of Year</b>	<b>\$ 7,584,176</b>	<b>\$ 5,660,995</b>

**Financial Analysis of the District as a Whole**

The District's financial position is the product of many factors. As it became apparent over the past year that the State could not commit to a solid funding level, the District as a whole took on the task of conserving and saving any resources available to carry the District through the year.

The District's total revenues increased \$2,073,461, or 6.7 percent, in the fiscal year, and exceeded expenses by \$1,923,181 on the Statement of Activities. Property taxes and unrestricted state aid accounted for 83% of the District's revenue. Although the State's per-pupil foundation allowance remained at \$6,700, increases in local property tax valuations and blended student count generated an increase of \$996,624 in combined property taxes and state aid revenue. Federal and state grants for specific programs accounted for 12.6% of total District revenues, increasing \$783,705 over the previous fiscal year. The balance of revenues came from charges for services (pre-school, child care, driver education, leisure-time), donations, interest earnings and other local sources.

**NORTHVIEW PUBLIC SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2005**

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Total cost of all programs and services remained stable for the 2004-05 fiscal year, remaining in line with both the original and final amended budgets for 2004-05. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (66 percent). Administrative and business activities accounted for 10 percent, operation and maintenance accounted for 9 percent and central and community services 2 percent. The District's expenses are dominated by staff salaries and benefits, which amount to approximately 75% of total expenses.

The recent good health of the District's finances can be credited to both conservative budgeting and to all staff who are informed and making an effort to help control and maintain costs.

The District has also worked to reduce costs in many areas through collaboration with other districts. The administration will push to increase these and other cost saving programs for the next fiscal year. As State revenues increase slightly this upcoming year, it will still be essential for the District to continue to try to reduce expenditures and maximize revenues.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. As a general rule, fund balances from one fund are prohibited from being expended on expenditures of another fund.

The District utilizes two kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed, short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information following the governmental funds' statements explain the relationship (or differences) between them.
- *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others, such as Student Activities Funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

**NORTHVIEW PUBLIC SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2005**

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**Financial Analysis of the District's Funds**

The District uses funds to record and analyze financial information. Northview Public School's funds are described as follows:

**Major Fund**

General Fund

The General Fund is our primary operating fund. The General Fund had total revenues of \$27,516,050, other financing sources of \$272,270, total expenditures of \$26,716,444 and other financing uses of \$682,757. It ended the fiscal year with a fund balance of \$3,409,664, up from \$3,020,545 at June 30, 2004.

**Nonmajor Funds**

Special Revenue Funds

The District operates two Special Revenue Funds, for the food service and athletics programs. Total revenues were \$1,001,431 and other financing sources were \$605,378. Total expenditures were \$1,548,640. The ending fund balances were \$122,529 for the Food Service Fund and \$91,990 for the Athletic Fund.

Debt Service Funds

The District operates two Debt Service funds. Total revenues were \$3,484,233. Total expenditures were \$2,551,399. The ending fund balances in the Debt Service Funds were \$1,740,185, up from \$807,351 at June 30, 2004.

Capital Projects Fund

The District operates one Capital Projects Fund, the Building and Site (Sinking) Fund. Total revenues were \$591,621 and total expenditures were \$933,551. Ending fund balances decreased by \$341,930 to a total of \$128,180 at June 30, 2005.

Fiduciary Funds

The Student Activity Fund is operated as an Agency Fund of the District. The assets of this fund are being held for the benefit of District students. The balance on hand at June 30, 2005 totaled \$166,681. The Scholarship Fund is held as a Private Purpose Trust Fund for the benefit of District students. The balance on hand at June 30, 2005 totaled \$53,072.

**General Fund Budgetary Highlights**

Over the course of the year, the District revised the annual operating budget once to comply with Michigan Department of Education guidelines. During the school year a monthly update is provided for information at the Board of Education meetings. The final budget amendment occurred in June, which was a summary of all the monthly information updates. Total dollar amounts of the budget amendments were minimal in 2004-05.

**NORTHVIEW PUBLIC SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2005**

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Variances in actual to budget are detailed as follows:

- Revenues – Actual revenues were \$708,908 more than expected.
- Expenditures – Actual expenditures were \$90,793 less than budgeted.
- The actual excess of revenues and other financing sources over expenditures and other financing uses for the fiscal year was \$389,119 as compared to the final budgeted excess of expenditures of \$605,473.

**State of Michigan, Unrestricted Aid**

The State of Michigan School Aid, unrestricted, is determined by the following three variables:

1. State of Michigan State Aid Act per student "Foundation Allowance"
2. Student Enrollment – Blended at 75% of the current year fall count and 25% of the prior year winter count
3. The District's non-homestead levy

Per Student Foundation Allowance – Annually, the State sets the per student foundation allowance. The District's foundation allowance for 2004-05 was \$6,700 per student.

Student Enrollment – The District's student enrollment for the fall count of 2004-05 was 3,328.42. The past three years the District's enrollments have been stable. We do allow non-resident students to attend using the Kent Intermediate School's of Choice plan as the vehicle for entry.

Non-homestead Levy – The district levies 18 mills of property taxes for operations (General Fund) on non-homestead properties. The non-homestead property valuation was \$164,683,622. Total taxable value of all properties was \$500,223,608.

**Capital Asset and Debt Administration**

**Capital Assets**

At the end of 2004-05, the District had a \$46,379,514 investment in a broad range of capital assets including land, school buildings, athletic facilities, administrative offices, transportation and other vehicles, and furniture and equipment. This represents an increase of \$1,006,933 over the previous year.

At June 30, 2005, the District's net investment in capital assets (after accumulated depreciation) was \$26,554,687, at decrease of \$382,961 from the previous year. Depreciation expense charged to District expenses was \$1,389,894 for the fiscal year. Net capital assets of the District at June 30, 2005 are detailed as follows:

Land	\$ 115,296
Buildings and additions	25,989,448
Furniture and equipment	29,531
Vehicles	420,412
	<hr/>
<b>Net Capital Assets</b>	<b><u>\$ 26,554,687</u></b>

**NORTHVIEW PUBLIC SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2005**

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**Long-Term Debt**

At year-end, the District had \$24,472,473 in general obligation bonds and other long-term debt outstanding – a net decrease of \$1,231,057 from the previous year.

- The District continued to pay down its debt, retiring \$1,325,000 of outstanding bonds of the 1996 and 1998 Debt Service Funds.

The District's other obligations include severance pay, early retirement incentive and accumulated vacation pay and sick leave. There is more detailed information about our long-term liabilities in the Notes to Basic Financial Statements.

**Factors Bearing on the District's Future**

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- Our elected officials and administration considered many factors when setting the School District's 2005-06 fiscal year budget. One of the most important factors affecting the budget is our student count. The State foundation revenue is determined by "blending" 25% of the February 2005 count with 75% of the September 2005 count. Approximately 66% of total General Fund revenues is from the foundation allowance and 19% is from the collection of non-homestead property taxes. Under State law, the District cannot levy additional property tax revenues for general operations. As a result, District funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data, we anticipate that the fall student count will be on target with the projections which show a stable enrollment for the 2005-06 school year.
- The State has increased the per pupil foundation grant \$175 (to \$6,875) which is dependent on State revenue from sales tax. This increase is not guaranteed and subject to reduction at any time by the State.
- The District was able to slow the growth of health insurance costs for teachers by agreeing to an alternate plan within the negotiated carrier. Insurance increases for teachers still rose 10% over last year's costs and are projected to increase 15% annually in the future if no plan changes take place. All other staff members were moved to a self-funded health insurance pool which accounted for a 6% increase in costs from the previous year. The District is still concerned with the increase in required contributions to the employee retirement system. Costs increased 1.47% on all salaries for 2006 and are projected to increase 2% annually. Since salaries are the single most highest expense in a budget, this cost alone will consume almost all of the increase in State Aid monies for the 2006 fiscal year.
- The end of fiscal year 2005 showed the expiration of a three-year teacher contract. A new master agreement was approved in August of 2005. It calls for a one percent increase off the teachers' base salary for 2006 and a 1.5% increase to the base salary in 2007.
- Due to the stagnant economy in the State of Michigan, the 2005-06 fiscal year budget was developed using a conservative approach. Cuts were made in all areas of the District to achieve a budget for the 2005-06 fiscal year that anticipates expenditures equaling revenues at \$27,676,280.

**NORTHVIEW PUBLIC SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2005**

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**Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Northview Pubic Schools, 4365 Hunsberger NE, Grand Rapids, MI 49525. Contact by phone at (616) 363-6861. Contact by e-mail at [jzielinski@nvps.net](mailto:jzielinski@nvps.net).

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## **BASIC FINANCIAL STATEMENTS**

**NORTHVIEW PUBLIC SCHOOLS**  
**Statement of Net Assets**  
**June 30, 2005**

	<u>Governmental Activities</u>
<b>Assets</b>	
<b>Current Assets</b>	
Cash	\$ 1,039
Cash equivalents (Note B)	11,408
Investments (Note B)	8,395,076
Taxes receivable (Note C)	205,082
Accounts receivable	668
Due from other governmental units (Note C)	3,915,462
Inventory (Note A)	83,485
<b>Total Current Assets</b>	<u>12,612,220</u>
<b>Noncurrent Assets</b>	
Capital assets (Note E)	46,379,514
Less accumulated depreciation	<u>(19,824,827)</u>
<b>Total Noncurrent Assets</b>	<u>26,554,687</u>
<b>Total Assets</b>	<u>39,166,907</u>
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts payable	314,159
State aid loan payable (Note F)	4,500,000
Due to other governmental units	643,465
Payroll withholdings payable	18,023
Accrued interest payable	257,316
Salaries payable	1,377,295
Current portion of long term obligations	1,555,414
<b>Total Current Liabilities</b>	<u>8,665,672</u>
<b>Noncurrent Liabilities (Notes A, G)</b>	
General obligation bonds payable	22,085,000
Durant non-plaintiff bonds payable	432,010
Severance pay	163,588
Accumulated vacation/sick leave	236,461
<b>Total Noncurrent Liabilities</b>	<u>22,917,059</u>
<b>Total Liabilities</b>	<u>31,582,731</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	2,677,263
Restricted for:	
Debt service	1,598,094
Capital projects	137,507
Unrestricted	3,171,312
<b>Total Net Assets</b>	<u><u>\$ 7,584,176</u></u>

See accompanying notes to basic financial statements.

**NORTHVIEW PUBLIC SCHOOLS**  
**Statement of Activities**  
**For the year ended June 30, 2005**

Functions/Programs	Expenses	Program Revenues Charges for Services	Operating Grants	Net (Expense) Revenue and Changes In Net Assets
<b>Governmental Activities</b>				
Instruction	\$ 17,827,494	\$ 67,229	\$ 3,396,754	\$(14,363,511)
Supporting services	9,909,302	-	400,054	(9,509,248)
Community services	338,158	251,412	-	(86,746)
Food service	872,246	546,633	341,544	15,931
Athletics	728,338	103,933	-	(624,405)
Other	77,379	-	-	(77,379)
Interest expense	1,221,376	-	-	(1,221,376)
<b>Total Governmental Activities</b>	<u>\$ 30,974,293</u>	<u>\$ 969,207</u>	<u>\$ 4,138,352</u>	<u>(25,866,734)</u>
<b>General Revenues</b>				
Taxes:				
Property taxes, levied for general operations				3,320,295
Property taxes, levied for debt service				3,456,874
Property taxes, levied for capital improvements				587,281
State school aid, unrestricted				19,829,789
Interest and investment earnings				153,239
Other				442,436
<b>Total General Revenues</b>				<u>27,789,914</u>
<b>Change in Net Assets</b>				1,923,181
<b>Net Assets - Beginning of Year</b>				<u>5,660,995</u>
<b>Net Assets - End of Year</b>				<u>\$ 7,584,176</u>

See accompanying notes to basic financial statements.

**NORTHVIEW PUBLIC SCHOOLS**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2005**

	<u>General</u>	<u>Nonmajor</u>	<u>Total</u>
<b>Assets</b>			
Cash	\$ 1,039	\$ -	\$ 1,039
Cash equivalents (Note B)	10,908	500	11,408
Investments (Note B)	5,511,523	2,883,553	8,395,076
Taxes receivable (Note C)	142,178	62,904	205,082
Due from other funds (Note D)	913,749	136,075	1,049,824
Due from other governmental units (Note C)	3,908,411	7,051	3,915,462
Inventory (Note A)	79,897	3,588	83,485
<b>Total Assets</b>	<u><u>\$ 10,567,705</u></u>	<u><u>\$ 3,093,671</u></u>	<u><u>\$ 13,661,376</u></u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 292,862	\$ 6,233	\$ 299,095
State aid loan payable (Note F)	4,500,000	-	4,500,000
Due to other funds (Note D)	133,901	930,320	1,064,221
Due to other governmental units	641,432	2,033	643,465
Payroll withholdings payable	18,023	-	18,023
Accrued interest payable	61,647	-	61,647
Salaries payable	1,367,998	9,297	1,377,295
Deferred revenue	142,178	62,904	205,082
<b>Total Liabilities</b>	<u>7,158,041</u>	<u>1,010,787</u>	<u>8,168,828</u>
<b>Fund Balances</b>			
Reserved for:			
Debt service	-	1,740,185	1,740,185
Capital outlay	-	128,180	128,180
Unreserved:			
Undesignated, reported in:			
General fund	3,409,664	-	3,409,664
Special revenue funds	-	214,519	214,519
<b>Total Fund Balances</b>	<u>3,409,664</u>	<u>2,082,884</u>	<u>5,492,548</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 10,567,705</u></u>	<u><u>\$ 3,093,671</u></u>	<u><u>\$ 13,661,376</u></u>

See accompanying notes to basic financial statements.

**NORTHVIEW PUBLIC SCHOOLS**  
**Reconciliation of Total Governmental Fund Balances to**  
**Net Assets of Governmental Activities**  
**June 30, 2005**

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<b>Total governmental fund balances</b>			\$ 5,492,548
Amounts reported for governmental activities in the Statement of Net Assets are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$46,379,514 and accumulated depreciation is \$19,824,827.			
			26,554,687
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:			
General obligation bonds		\$(23,410,000)	
Durant non-plaintiff bonds		(467,424)	
Severance pay		(188,588)	
Accumulated vacation/sick leave		<u>(406,461)</u>	(24,472,473)
Accrued interest is not included as a liability in governmental funds.			(195,669)
Deferred revenue recognized as revenue in the full accrual statements:			
Property taxes			<u>205,082</u>
<b>Total net assets - governmental activities</b>			<u><u>\$ 7,584,176</u></u>

See accompanying notes to basic financial statements.

**NORTHVIEW PUBLIC SCHOOLS**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2005**

	General	Nonmajor	Total
<b>Revenues</b>			
Local sources	\$ 3,889,453	\$ 4,735,741	\$ 8,625,194
State sources	20,015,404	53,420	20,068,824
Federal sources	932,777	288,124	1,220,901
Interdistrict sources	2,678,416	-	2,678,416
<b>Total Revenues</b>	<u>27,516,050</u>	<u>5,077,285</u>	<u>32,593,335</u>
<b>Expenditures</b>			
Current:			
Instruction	16,324,660	-	16,324,660
Supporting services	8,652,856	3,662	8,656,518
Community services	324,412	-	324,412
Food service	-	848,095	848,095
Athletics	-	700,545	700,545
Capital outlay	-	929,889	929,889
Debt service:			
Principal repayment	-	1,325,000	1,325,000
Interest and fiscal charges	-	1,226,399	1,226,399
Interdistrict	1,414,516	-	1,414,516
<b>Total Expenditures</b>	<u>26,716,444</u>	<u>5,033,590</u>	<u>31,750,034</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>799,606</u>	<u>43,695</u>	<u>843,301</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	605,378	605,378
Other	272,270	-	272,270
Transfers out	(605,378)	-	(605,378)
Other	(77,379)	-	(77,379)
<b>Total Other Financing Sources (Uses)</b>	<u>(410,487)</u>	<u>605,378</u>	<u>194,891</u>
<b>Net Change In Fund Balances</b>	389,119	649,073	1,038,192
<b>Fund Balances, Beginning of Year</b>	<u>3,020,545</u>	<u>1,433,811</u>	<u>4,454,356</u>
<b>Fund Balances, End of Year</b>	<u><u>\$ 3,409,664</u></u>	<u><u>\$ 2,082,884</u></u>	<u><u>\$ 5,492,548</u></u>

See accompanying notes to basic financial statements.

**NORTHVIEW PUBLIC SCHOOLS**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the year ended June 30, 2005**

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**Net change in fund balances - total governmental funds** \$ 1,038,192

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is capitalized and the cost is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period:

Capital outlays	\$ 1,006,933	
Depreciation expense	<u>(1,389,894)</u>	(382,961)

As some delinquent personal property taxes will not be collected for several years after the District's fiscal year ends, they are not considered "available" revenues in the governmental funds, and are instead counted as deferred tax revenues. They are, however, recorded as revenues in the Statement of Activities. 31,869

Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets and does not affect the Statement of Activities. 1,325,000

Interest on long-term liabilities in the Statement of Activities differs from the amount reported on the governmental funds because interest is recorded as an expenditure in the funds when it is due and paid, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues regardless of when it is paid. 5,024

In the Statement of Net Assets, early retirement incentive and accumulated sick leave are measured by the amounts earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used (essentially, the amounts actually paid). This year the amount of these benefits earned (\$342,650) exceeded the amounts used/paid (\$248,707). (93,943)

**Total changes in net assets - governmental activities** \$ 1,923,181

**NORTHVIEW PUBLIC SCHOOLS**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended June 30, 2005**

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Local sources	\$ 3,898,743	\$ 4,139,511	\$ 3,889,453	\$ (250,058)
State sources	19,482,822	19,589,181	20,015,404	426,223
Federal sources	650,000	757,510	932,777	175,267
Interdistrict sources	2,270,736	2,320,940	2,678,416	357,476
<b>Total Revenues</b>	<b>26,302,301</b>	<b>26,807,142</b>	<b>27,516,050</b>	<b>708,908</b>
<b>Expenditures</b>				
Current:				
Instruction:				
Basic programs	13,237,857	13,176,146	12,830,800	345,346
Added needs	3,706,904	3,491,375	3,447,756	43,619
Adult education services	49,530	47,104	46,104	1,000
Supporting services:				
Pupil services	1,510,075	819,652	872,505	(52,853)
Instructional staff services	806,852	727,619	735,920	(8,301)
General administrative services	565,988	561,743	583,451	(21,708)
School administrative services	1,343,905	1,434,484	1,476,311	(41,827)
Business services	699,736	1,050,623	909,993	140,630
Operation and maintenance services	2,811,442	2,652,819	2,871,706	(218,887)
Pupil transportation services	886,766	850,853	830,654	20,199
Central services	273,658	369,151	372,316	(3,165)
Community services	328,093	310,267	324,412	(14,145)
Interdistrict	1,020,814	1,315,401	1,414,516	(99,115)
<b>Total Expenditures</b>	<b>27,241,620</b>	<b>26,807,237</b>	<b>26,716,444</b>	<b>90,793</b>
<b>Excess (Deficiency) Of Revenues Over Expenditures</b>	<b>(939,319)</b>	<b>(95)</b>	<b>799,606</b>	<b>799,701</b>
<b>Other Financing Sources (Uses)</b>				
Other	-	-	272,270	272,270
Transfers out	-	(605,378)	(605,378)	-
Other	-	-	(77,379)	(77,379)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(605,378)</b>	<b>(410,487)</b>	<b>194,891</b>
<b>Net Change In Fund Balances</b>	<b>(939,319)</b>	<b>(605,473)</b>	<b>389,119</b>	<b>994,592</b>
<b>Fund Balances, July 1</b>	<b>3,020,545</b>	<b>3,020,545</b>	<b>3,020,545</b>	<b>-</b>
<b>Fund Balances, June 30</b>	<b>\$ 2,081,226</b>	<b>\$ 2,415,072</b>	<b>\$ 3,409,664</b>	<b>\$ 994,592</b>

See accompanying notes to basic financial statements.



**NORTHVIEW PUBLIC SCHOOLS**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Assets**  
**June 30, 2005**

	Private Purpose Trust Fund	Agency Fund
<b>Assets</b>		
Investments (Note B)	\$ 53,072	\$ 151,617
Due from other funds (Note D)	-	15,064
<b>Total Assets</b>	<u>\$ 53,072</u>	<u>\$ 166,681</u>
<b>Liabilities</b>		
Accounts payable	\$ -	\$ 775
Due to other funds (Note D)	-	667
Due to student groups	-	165,239
<b>Total Liabilities</b>	<u>-</u>	<u>\$ 166,681</u>
<b>Net Assets</b>		
Held in trust for:		
Individuals and organizations	<u>53,072</u>	
	<u>\$ 53,072</u>	

See accompanying notes to basic financial statements.

**NORTHVIEW PUBLIC SCHOOLS**  
**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Assets**  
**For the year ended June 30, 2005**

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	Private Purpose Trust Fund
<b>Additions</b>	
Interest earnings	\$ 819
Donations	9,721
<b>Total Additions</b>	<u>10,540</u>
<b>Deductions</b>	
Endowment activities - scholarships	<u>9,926</u>
<b>Change In Net Assets</b>	614
<b>Net Assets, Beginning of Year</b>	<u>52,458</u>
<b>Net Assets, End of Year</b>	<u><u>\$ 53,072</u></u>

See accompanying notes to basic financial statements.

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**NORTHVIEW PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2005**

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## **Note A – Summary of Significant Accounting Policies**

Northview Public Schools was organized under the School Code of the State of Michigan, and services a population of approximately 3,328 students. The District is governed by an elected Board of Education consisting of seven members and administered by a Superintendent who is appointed by the aforementioned Board. The District provides a comprehensive range of educational services as specified by state statute and Board of Education policy. These services include elementary education, secondary education, pre-school programs, athletic activities, special education, community services and general administrative services. The Board of Education also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The financial statements of Northview Public Schools (the “District”) have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to school districts. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the District’s accounting policies are described below.

### **1. Reporting Entity**

The financial reporting entity consists of a primary government and its component units. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and the District is not included in any other governmental reporting entity. Consequently, the District’s financial statements include the funds of those organizational entities for which its elected governing board is financially accountable.

### **2. District-Wide and Fund Financial Statements**

**District-Wide Financial Statements** - The district-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) present financial information about the District as a whole. The reported information includes all of the nonfiduciary activities of the District. The District does not allocate indirect costs and, for the most part, the effect of interfund activity has been removed. These statements are to distinguish between the *governmental* and *business-type activities* of the District. *Governmental activities* normally are supported by taxes and intergovernmental revenues, and are reported separately from *business-type* activities, which rely to a significant extent on fees and charges for support. The District does not have any business-type activities.

The Statement of Net Assets is presented on the classified basis and is reported on the full accrual, economic resource basis, which recognizes all long-term assets as well as all long-term debt and obligations. The District’s net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets, and unrestricted net assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes, unrestricted state aid, interest earnings and other items not included among program revenues are reported instead as *general revenues*.

**NORTHVIEW PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2005**

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Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the government wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The General Fund is the District's only major fund. Non-major funds are aggregated and presented in a single column.

**Fund Financial Statements** – Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Fund level statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. The Balance Sheet reports current assets, current liabilities and fund balances. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources and uses of current financial resources. This differs from the economic resources measurement focus used to report at the district-wide level. Reconciliations between the two sets of statements are provided in separate statements.

Revenues are recognized when susceptible to accrual; i.e., both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Expenditures are generally recorded when the liability is incurred, if they are paid within 60 days after the end of the current fiscal period. The exception to this general rule is that principal and interest on long-term debt is recognized when due.

Revenues susceptible to accrual are property taxes, state aid, federal and interdistrict revenues and investment income. Other revenues are recognized when received. Deferred revenue arises when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenue also arises when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of the qualifying expenditures.

### **3. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

District-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the fiduciary fund financial statement. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met.

The State of Michigan utilizes a foundation allowance approach, which provides for a specific annual amount of revenue per student based on a state-wide formula. The foundation allowance is funded from a combination of state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The State portion of the foundation is provided from the State's School Aid Fund and is recognized as revenues in accordance with state law and accounting principles generally accepted in the United States of America.

#### **Governmental Funds**

Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use, and balances of a school district's expendable financial resources and the related current liabilities are accounted for through governmental funds.

**NORTHVIEW PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2005**

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*General Fund*—The General Fund is the general operating fund of a school district. It is used to account for all financial resources, except those required to be accounted for in another fund. Included are all transactions related to the current operating budget.

*Special Revenue Funds*—Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

*School Service Funds*—School Service Funds are used to segregate, for administrative purposes, the transactions of a particular activity from regular revenue and expenditure accounts. A school district maintains full control of these funds. The School Service Funds maintained by the District are the Food Service and Athletics Funds.

*Debt Service Funds*—Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt (bonds, notes, loans, leases and school bond loan) principal, interest, and related costs.

*Capital Projects Funds*—Capital Projects Funds are used to record bond proceeds, property tax revenues or other revenues and the disbursement of monies specifically designated for acquiring new school sites, buildings, equipment and for major remodeling and repairs. The funds are retained until the purpose for which the funds were created has been accomplished.

The Capital Projects Funds include capital project activities funded with sinking fund millage. The District has complied with the applicable provisions of Section 1212 (I) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 01-95.

### **Fiduciary Funds**

Fiduciary Funds are used to account for assets held by a school district in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Fiduciary Fund net assets and results of operations are not included in the district-wide financial statements. Fiduciary funds are reported using the economic resources measurement focus. The District presently maintains scholarship funds for the benefit of students.

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District presently maintains a Student Activities Fund to record the transactions of student groups for school and school related purposes. The funds are segregated and held in trust for the students.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the district-wide and fiduciary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted as they are needed.

**NORTHVIEW PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2005**

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#### **4. Budgets and Budgetary Accounting**

State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act) requires that the General Fund of a school district be under budgetary control and that both budgeted and actual financial results do not incur a deficit. Northview Public Schools has also adopted budgets for its Special Revenue Funds. A school district's General Appropriations Resolution (the "budget") must be adopted before the beginning of each fiscal year. No violations (dollar deviations) from a district's budget may occur without a corresponding amendment to the budget. A school district has the ability to amend the budget provided that the amendment is prior to the occurrence of the deviation and prior to the fiscal year-end. A school district may also permit the chief administrative or fiscal officer to execute transfers between line items, within defined dollar or percentage limits, without prior approval of the Board of Education. Expenditures may not legally exceed budgeted appropriations at the fund level. All appropriations lapse at the end of the fiscal year.

Northview Public Schools utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- Starting in the spring, District administrative personnel and department heads work with the Superintendent and Assistant Superintendent for Business to establish proposed operating budgets for the fiscal year commencing the following July 1.
- In June, preliminary operating budgets are submitted to the Board of Education. These budgets include proposed expenditures and the means of financing them.
- Prior to June 30, a public hearing is held to obtain taxpayer comments on the proposed budgets.
- After the budgets are finalized, the Board of Education adopts an appropriations resolution setting forth the amount of the proposed expenditures and the sources of revenue to finance them.
- The original General and Special Revenue Funds budgets were amended during the year in compliance with State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act).
- Budgets for the General and Special Revenue Funds were adopted on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles.

#### **5. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budget integration in the governmental funds. There were no substantial encumbrances outstanding at year end.

#### **6. Investments**

Investments are recorded at fair value, based on quoted market prices, or estimated fair value. Investment income is composed of interest and net changes in the fair value of applicable investments.

**NORTHVIEW PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2005**

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**7. Inventory**

Inventories are valued at cost (first-in, first-out). Inventories of the Food Service Fund consist of food, unused commodities and other nonperishable supplies. Disbursements for inventory-type items are recorded as expenditures at the time of use for each fund.

**8. Capital Assets**

Capital assets, which include land, land improvements, buildings, vehicles and furniture and equipment, are reported in the district-wide financial statements. Assets having a useful life in excess of one year and whose costs exceed \$5,000 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are stated at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's useful life are not capitalized. Improvements are capitalized and depreciated over the remaining useful life of the related assets.

Buildings and additions, vehicles and furniture and equipment are depreciated using the straight-line method over the following estimated useful lives:

Buildings and additions	30-50 years
Vehicles	5-10 years
Furniture and equipment	3-10 years

**9. Long-Term Obligations**

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

**10. Severance Pay/Accumulated Vacation and Sick Leave**

Severance pay, early retirement incentive, and accumulated vacation/sick leave at June 30, 2005 have been computed and recorded in the basic financial statements of the District. Eligible District employees who retire are entitled to payments based on their age, years of service, compensation and unused vacation/sick days. At June 30, 2005, the accumulated liabilities, including salary related payments, (expected to be financed by General Fund revenues) for severance pay and accumulated vacation/sick leave amounted to \$188,588 and \$406,461, respectively.



**NORTHVIEW PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2005**

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### **11. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for expenditures or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

### **12. Interfund Activity**

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses.

### **13. Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

## **Note B – Cash Equivalents and Investments**

The State of Michigan allows a political subdivision to authorize its Treasurer or other chief fiscal officer to invest surplus funds belonging to and under the control of the entity as follows:

- Bonds, securities, and other obligations of the United States, or an agency or instrumentality of the United States.
- Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this state under the laws of this state or the United States.
- Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of the purchase.
- United States or federal obligation repurchase agreements.
- Banker's acceptances of United States Banks.
- Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.
- Surplus funds investment pools.

Depositories actively used by the District during the year are detailed as follows:

1. Chase Bank One

**NORTHVIEW PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2005**

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Balances at June 30, 2005 related to cash equivalents are detailed on the combined balance sheet as follows:

Governmental Funds	<u>\$ 11,408</u>
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Cash equivalents consist of bank public funds checking accounts.

*Custodial credit risk*

Custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to the District. Protection of District cash equivalents and deposits is provided by the Federal Deposit Insurance Corporation. At year end, the carrying amount of the District's cash equivalents and deposits was \$11,408 and the bank balance was \$318,606. Of the bank balance, \$100,000 was covered by federal depository insurance and \$218,606 was uninsured.

**Investments**

As of June 30, 2005 the District had the following investments:

	<u><b>Fair Value</b></u>
Investment Pool Accounts:	
Michigan Liquid Asset Fund	<u>\$ 8,599,765</u>

*Custodial Credit Risk*

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the District may not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District minimizes custodial credit risk by limiting investments to the types of securities allowed by law.

*Credit Risk*

The District's investments in the Michigan Liquid Asset Fund investment pool were unrated.

*Interest Rate Risk*

The District minimizes interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market, and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

*Concentration of Credit Risk*

The District's investment policy places no restrictions on the amount or percentage that may be invested in any one type of security.

*Foreign Currency Risk*

The District is not authorized to invest in investments which have this type of risk.

**NORTHVIEW PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2005**

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**Note C – State School Aid/Property Taxes**

On March 15, 1994, the voters of the State of Michigan approved Proposal A, which increased the State Sales and Use Tax rates from 4% to 6% and established a State Education Tax at a rate of 6 mills on all property, except that which is exempt by law from ad valorem property taxes, and dedicated the additional revenues generated to Michigan school districts. The amount of 2004 ad valorem State Education Taxes generated within the Northview Public School District, and paid to the State of Michigan, totaled \$3,001,342.

These additional State revenues pass through to Michigan school districts in the form of a per pupil "Foundation Allowance" paid on a "blended count" of District pupil membership in February, 2004 and September, 2004. The 2004-05 "Foundation Allowance" for Northview Public Schools was \$6,700 for 3,316 "Full Time Equivalent" students, generating \$19,942,460 in state aid payments to the District of which \$3,607,993 was paid to the District in July and August, 2005 and is included in "Due From Other Governmental Units" of the General Fund and Food Service Special Revenue Fund at June 30, 2005.

Property taxes for the District are levied July 1 and December 1 under a split-levy system by the Township of Ada and the Charter Townships of Grand Rapids and Plainfield. The taxes are then collected by each governmental unit and remitted to the District. The County of Kent, through its Delinquent Tax Revolving Fund, advances all delinquent real property taxes at March 1 to the District each year prior to June 30. Delinquent personal property taxes receivable are detailed as follows:

<b>Year</b>	<b>General</b>	<b>Debt Service</b>	<b>Building &amp; Site</b>	<b>Total</b>
2004	\$ 62,501	\$ 23,391	\$ 4,034	\$ 89,926
2003	32,525	12,647	2,203	47,375
2002	47,152	17,539	3,090	67,781
	<u>\$ 142,178</u>	<u>\$ 53,577</u>	<u>\$ 9,327</u>	<u>\$ 205,082</u>

Taxes uncollected after three years from the date of levy, unless material in amount, are written off the books of the District.

Section 1211(1) of 1993 PA 32 states that beginning in 1994, the board of a school district shall levy not more than 18 mills, if approved by voters, for school operating purposes, or the number of mills levied in 1993, whichever is less, on non-homestead property only, in order to be eligible to receive funds under the State School Aid Act of 1979. After 1996, electors may approve a 3 mill "Local Enhancement Millage" which must be shared between all local districts in each respective county intermediate district.

As Northview Public Schools electors had previously (June 11, 1990) approved an operating millage extension, the 18 mill non-homestead property tax was levied in the District for 2004.

The District levied a .75 recreation millage, 7.00 mills for debt service purposes and 1.2072 mills for building and site in 2004, applied on all taxable property in the District.

Taxable property in the District is assessed initially at 50% of true cash value by the assessing officials of the various units of government that comprise the District. These valuations are then equalized by the county and finally by the State of Michigan, generating the State Equalized Valuation. Taxable valuation increases will be limited, or capped (known as capped valuation), at 5% or the rate of inflation, whichever is less. With the implementation of Proposal A, taxable property is now divided into two categories: homestead and non-homestead.

**NORTHVIEW PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2005**

Homestead property is exempt from the 18 mill "School Operating" tax. It is not exempt from the 6 mill "State Education" tax, any voted "Local Enhancement Millage", nor any additional voted millage for the retirement of debt.

Non-homestead property is considered to be all property not qualifying for a homestead exemption, which includes all commercial and industrial property. Non-homestead property is subject to all District levies.

**Note D – Interfund Receivables/Payables and Transfers**

Amounts due from (to) other funds representing interfund receivables and payables for unreimbursed 2004-05 expenditures and property tax reallocations at June 30, 2005 are detailed as follows:

	<b>Due From</b>	<b>Due To</b>
General Fund:		
Food Service Fund	\$ 804,722	\$ 9,383
Athletics Fund	76,739	—
1996 Debt Service Fund	16,327	64,075
1998 Debt Service Fund	11,159	46,856
Building and Site Fund	4,802	10,554
Student Activities Fund	—	3,033
Total General Fund	913,749	133,901
Special Revenue Funds:		
Food Service Fund:		
General Fund	9,383	804,722
Athletics Fund	4,540	—
Student Activities Fund	667	—
Athletics Fund:		
General Fund	—	76,739
Food Service Fund	—	4,540
Student Activities Fund	—	12,031
Total Special Revenue Funds	14,590	898,032
Debt Service Funds:		
1996 Debt Service Fund:		
General Fund	64,075	16,327
1998 Debt Service Fund:		
General Fund	46,856	11,159
Total Debt Service Funds	110,931	27,486
Capital Projects Funds:		
Building and Site Fund:		
General Fund	10,554	4,802
Trust Account Agency Fund:		
Student Activities Fund:		
General Fund	3,033	—
Food Service Fund	—	667
Athletics Fund	12,031	—
Total Trust Account Agency Fund	15,064	667
<b>Total All Funds</b>	<b>\$ 1,064,888</b>	<b>\$ 1,064,888</b>

**NORTHVIEW PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2005**

District accounting software provides that all checks be written through one fund (General Fund) with adjusting entries automatically made to other funds. This procedure generates multiple due to/from entries each month, which are reimbursed in the subsequent month.

Transfers between funds during the year ended June 30, 2005 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
Special Revenue Fund:		
Athletics Fund	\$ —	\$ 605,378
Special Revenue Fund:		
Athletics Fund:		
General Fund	605,378	—
<b>Total All Funds</b>	<u>\$ 605,378</u>	<u>\$ 605,378</u>

The General Fund transfer to the Athletics Fund was made to pay the General Fund's share of support for the athletic program for the fiscal year.

## Note E – Capital Assets

Capital asset activity for the year ended June 30, 2005 was as follows:

	<u>Balances July 1, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances June 30, 2005</u>
Capital assets not depreciated:				
Land	\$ 115,296	\$ —	\$ —	\$ 115,296
Capital assets being depreciated:				
Buildings and additions	44,226,277	855,155	—	45,081,432
Furniture and equipment	83,000	—	—	83,000
Vehicles	948,008	151,778	—	1,099,786
Totals at historical cost	<u>45,372,581</u>	<u>\$1,006,933</u>	<u>\$ —</u>	<u>46,379,514</u>
Less accumulated depreciation for:				
Buildings and additions	\$ 17,788,950	1,303,034	—	\$ 19,091,984
Furniture and equipment	49,268	4,201	—	53,469
Vehicles	596,715	82,659	—	679,374
Total accumulated depreciation	<u>18,434,933</u>	<u>\$1,389,894</u>	<u>\$ —</u>	<u>19,824,827</u>
<b>Net Capital Assets</b>	<u>\$ 26,937,648</u>			<u>\$ 26,554,687</u>

**NORTHVIEW PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2005**

Depreciation expense was charged to District activities as follows:

Governmental activities:	
Instruction	\$ 1,226,683
Supporting services	99,449
Community services	12,884
Food service	23,086
Athletics	27,792
Unallocated	—
	<u>\$ 1,389,894</u>

**Note F – Short-term Debt**

On August 20, 2003, the District borrowed \$3,000,000 in anticipation of state aid at 1.03% which was repaid on August 20, 2004. On August 10, 2004 the District borrowed \$4,500,000 in anticipation of state aid (interest of 1.57%) due on August 20, 2005. Interest expense for the year was \$66,797.

**Note G – Long-term Debt**

Amounts available and to be provided for outstanding long-term debt at June 30, 2005 are summarized as follows:

	<b>Bond Issues</b>	<b>Durant Non-plaintiff Bonds</b>	<b>Severance/Early Retirement/ Vacation/ Sick Leave</b>	<b>Total</b>
<b>Amounts Available For Retirement Of Long-Term Debt</b>				
Debt Service Funds	\$ 1,740,185	\$ —	\$ —	\$ 1,740,185
<b>Amounts To Be Provided For Retirement Of Long-Term Debt</b>				
State of Michigan	—	467,424		467,424
General Fund	—	—	595,049	595,049
Debt Service Funds	21,669,815	—	—	21,669,815
<b>Total Amounts Available And To Be Provided</b>	<u>\$23,410,000</u>	<u>\$ 467,424</u>	<u>\$ 595,049</u>	<u>\$24,472,473</u>

**NORTHVIEW PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2005**

Changes in long-term debt for the year ended June 30, 2005 are summarized as follows:

	<b>Debt Outstanding July 1, 2004</b>	<b>Debt Added</b>	<b>Debt Retired</b>	<b>Debt Outstanding June 30, 2005</b>
General obligation bonds:				
May 1, 1996	\$ 4,205,000	\$ —	\$ 1,225,000	\$ 2,980,000
September 1, 1998	20,530,000	—	100,000	20,430,000
Durant non-plaintiff bonds:				
November 13, 1998	467,424	—	—	467,424
Severance pay	68,028	120,560	—	188,588
Early retirement incentive	77,348	—	77,348	—
Accumulated vacation/sick leave	355,730	222,090	171,359	406,461
	<u>\$ 25,703,530</u>	<u>\$ 342,650</u>	<u>\$ 1,573,707</u>	<u>\$ 24,472,473</u>

Long-term bonds, notes and capital leases outstanding at June 30, 2005 are comprised of the following:

	<b>Final Maturity Dates</b>	<b>Interest Rates</b>	<b>Outstanding Balance</b>	<b>Amount Due Within One Year</b>
<b>General Obligation Bonds</b>				
\$32,175M Building and Site May 1, 1996:				
Annual maturities of 115M to 1,250M	May 1, 2021	5.15 - 5.80	\$ 2,980,000	\$1,250,000
\$21,530M Refunding September 1, 1998:				
Annual maturities of 100M to 1,405M	May 1, 2021	4.30 - 5.00	20,430,000	100,000
<b>Durant Non-plaintiff Bonds</b>				
\$731,647 School Improvement November 13, 1998:				
Annual maturities of 35M to 175M	May 15, 2013	4.761353	467,424	35,414
			<u>\$ 23,877,424</u>	<u>\$1,385,414</u>

The annual requirements to pay principal and interest on long-term bonds, notes and capital leases outstanding are as follows:

<b>Year Ended June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2006	\$ 1,385,414	\$ 1,154,056	\$ 2,539,470
2007	1,412,092	1,083,696	2,495,788
2008	1,433,868	1,022,442	2,456,310
2009	1,450,719	959,503	2,410,222
2010	1,629,793	953,363	2,583,156
2011	1,514,686	825,764	2,340,450
2012	1,526,812	754,806	2,281,618
2013	1,544,040	681,867	2,225,907
2014	1,510,000	606,680	2,116,680
2015	1,525,000	530,220	2,055,220

**NORTHVIEW PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2005**

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<b>Year Ended June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	1,520,000	453,010	1,973,010
2017	1,510,000	376,050	1,886,050
2018	1,495,000	299,590	1,794,590
2019	1,485,000	223,880	1,708,880
2020	1,475,000	148,670	1,623,670
2021	1,460,000	73,960	1,533,960
	<u>\$23,877,424</u>	<u>\$10,147,557</u>	<u>\$34,024,981</u>

**Note G – Retirement Plan**

Substantially all District employees participate in the Michigan Public School Employees' Retirement System (MPERS), a statewide, cost sharing, multiple employer defined benefit public employee retirement system governed by the State of Michigan. The District's payroll for employees covered by MPERS for the year ended June 30, 2005 was \$15,700,063. A Basic Plan member may retire at age 55 with 30 or more years of credited service or at age 60 with 10 or more years of credited service. The annual retirement benefit, payable monthly for life, is equal to 1½ percent of a member's final average compensation multiplied by his/her number of years of credited service. Final average compensation is the employee's average salary over the last 5 years of credited service. Vested employees may retire at or after age 55 with 15 years of service and receive reduced retirement benefits.

School districts in the State of Michigan are required to contribute at a rate, annually determined by the State of Michigan, of covered employees' compensation to the MPERS plan. The contribution rate was 12.99% for the fiscal year ending September 30, 2004 and 14.87% for the fiscal year beginning October 1, 2004. The District's contributions to the plan for the fiscal years ended June 30, 2005, 2004 and 2003 were \$2,381,711, \$2,119,992 and \$2,141,592, respectively.

The "actuarial accrued liability" is a standardized disclosure method of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the MPERS' funding status on a going concern basis, assess progress made in accumulating sufficient assets to pay benefits when due and make comparisons among public employee retirement systems and employers.

The MPERS does not make separate measurements of assets and actuarial accrued liability for individual schools. The actuarial accrued liability at September 30, 2003 (the latest reporting date available expressed as \$ in millions) for the MPERS as a whole, determined through an actuarial valuation performed as of that date, was \$44,769. The MPERS' net assets available for benefits on that date were \$38,726 leaving an unfunded pension benefit obligation of \$6,043. Ten year historical trend information showing the MPERS' progress in accumulating sufficient assets to pay benefits when due is presented in the September 30, 2004 Annual Report of the MPERS, which may be obtained by contacting the System at P.O. Box 30171, Lansing, Michigan 48909-7671.



**NORTHVIEW PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2005**

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The total actuarial accrued liability (expressed as \$ in millions) increased by \$2,812 from September 30, 2002 to September 30, 2003. Not included in the pension benefit obligation above is any future obligation attributable to health, dental and vision insurance benefits which are funded on a cash disbursement basis. With the passage of Act 279 of 1996, making permanent the cash basis financing of health, dental and vision benefits, actuarially calculated liabilities for these benefits are no longer disclosed on the balance sheets.

Prior to January 1, 1990, participating employees could elect coverage under either the noncontributory Basic Plan or the contributory Member Investment Plan (MIP). Effective January 1, 1990, all new employees are automatically enrolled in MIP. Participants in MIP, who receive benefits in addition to those available under the Basic Plan, contribute a percentage of salary. The graduated contribution rate is based on total wages and is calculated at 3% of the first \$5,000; 3.6% of the next \$10,000; and 4.3% of all wages over \$15,000. MIP members may retire at any age with 30 years of service, or at age 60 with 5 years of service, with benefits based on a final average compensation period of 5 years for Basic Plan participants and 3 years for Member Investment Plan participants.

Post-employment benefits for health, dental, and vision insurance are available at retirement through the MPSERS. Retirees contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent of the monthly premium amount for the health, dental and vision coverage. Required contributions for post-employment health care benefits are included as part of the District's total contribution to the MPSERS as discussed above.

## **Note H – Risk Management and Benefits**

The District is a member of the West Michigan Risk Management Trust, a self-insurance program with districts pooling together to insure property, liability and auto exposure. Premiums from members of the Trust are determined through standard underwriting procedures. The members of the Trust have contributed amounts sufficient to fund individual and aggregate losses up to \$175,000 and \$865,000, respectively, on an annual basis. Excess insurance has been purchased to cover claims exceeding those amounts. A \$1,000 per occurrence deductible for property losses is maintained. The District paid \$138,914 in premiums to the Trust for the year ended June 30, 2005.

The District is also a member of the West Michigan Workers' Compensation Fund, a self-insurance program with districts pooling together to insure workers' compensation and employers' liability exposures. The Fund pays the first \$300,000 of any workers' compensation or employers' liability loss out of a \$1,833,000 loss fund collected from members. Excess insurance has been purchased to cover claims exceeding those amounts. As of June 30, 2005, there were no material pending claims against the District. The District paid \$182,871 in premiums to the Fund for the year ended June 30, 2005.

Health, life and other employee insurance is provided by private insurance carriers. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The District maintains the Northview Public Schools Flexible Benefits Plan (the Plan). The Plan allows District employees to pay for certain medical expenses and dependent care expenses with before-tax income. In addition, depending on job classification, the Plan allows an employee the option of waiving health coverage and, instead, receiving additional compensation or other tax-free benefits. Also, if an employee is required to pay all or part of the cost of health coverage, the Plan allows the employee to pay this cost with before-tax income.

**NORTHVIEW PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2005**

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**Note I – Stewardship, Compliance and Accountability**

The following District funds had actual expenditures exceed final budgeted expenditures for the year ended June 30, 2005, as follows:

	<b>Budget</b>	<b>Actual</b>	<b>Unfavorable Variance</b>
<b>Special Revenue Funds</b>			
Food Service	\$ 802,679	\$ 848,095	\$ 45,416
Athletics	690,144	700,545	10,401

## **SUPPLEMENTAL INFORMATION**

## **GENERAL FUND**

To account for resources which are traditionally associated with the general operation of the District and not required to be accounted for in another fund.

**NORTHVIEW PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Balance Sheet**  
**June 30, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
<b>Assets</b>		
Cash	\$ 1,039	\$ 1,039
Cash equivalents	10,908	244
Investments	5,511,523	4,119,961
Receivables:		
Taxes	142,178	118,976
Accounts	-	98,475
Due from other funds	913,749	9,630
Due from other governmental units	3,908,411	3,847,226
Inventory	79,897	57,418
<b>Total Assets</b>	<u><u>\$ 10,567,705</u></u>	<u><u>\$ 8,252,969</u></u>
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 292,862	\$ 5,710
State aid loan payable	4,500,000	3,000,000
Due to other funds	133,901	967
Due to other governmental units	641,432	501,593
Payroll withholdings payable	18,023	67,459
Accrued interest payable	61,647	25,750
Salaries payable	1,367,998	1,503,016
Deferred revenue	142,178	127,929
<b>Total Liabilities</b>	<u>7,158,041</u>	<u>5,232,424</u>
<b>Fund Balances</b>		
Unreserved:		
Undesignated	<u>3,409,664</u>	<u>3,020,545</u>
<b>Total Liabilities and Fund Balance</b>	<u><u>\$ 10,567,705</u></u>	<u><u>\$ 8,252,969</u></u>

**NORTHVIEW PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Revenues**  
**For the years ended June 30, 2005 and 2004**

	2005	2004
Local sources:		
Property taxes:		
Current property taxes	\$ 2,904,610	\$ 2,804,681
Recreation taxes	373,462	-
Delinquent property taxes	10,620	6,105
Other property taxes	2,432	6,613
Interest on delinquent taxes	5,969	4,224
	<u>3,297,093</u>	<u>2,821,623</u>
Interest earnings:		
Interest on deposits and investments	103,553	24,418
Other local revenue:		
Summer school tuition	2,720	10,825
Preschool/latchkey tuition	234,329	220,663
Community school activities	33,756	43,615
Driver education fees	38,130	40,912
Telephone discount reimbursements	1,209	6,324
Sale of school property	4,304	3,950
Rental of school facilities	24,381	22,710
Donations	67,869	119,870
Beverage consortium commissions	59,393	33,516
Senior citizen coordinator reimbursements	9,706	12,494
Refunds of prior years expenditures	5,177	31,185
Miscellaneous	7,833	6,320
	<u>488,807</u>	<u>552,384</u>
Total local sources	3,889,453	3,398,425
State sources:		
State aid	19,904,044	19,801,859
Driver education	-	22,097
School improvement	2,741	2,678
FICA/Retirement reimbursement	64,727	54,161
Other	43,892	23,725
	<u>20,015,404</u>	<u>19,904,520</u>
Total state sources		
Federal sources:		
Title I	143,748	201,183
Title IIA	75,045	75,618
Title IID	8,138	-
Title V	2,014	3,774
I.D.E.A. program	693,300	577,908
Medicaid - school based	661	1,440
Drug free schools	9,871	4,900
EDP grant	-	1,000
	<u>932,777</u>	<u>865,823</u>
Total federal sources		

(Continued)

**NORTHVIEW PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Revenues**  
**For the years ended June 30, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
Interdistrict sources:		
Special education - county	\$ 1,955,503	\$ 1,301,274
Special education - tuition	280,941	416,327
Special education - transportation	400,054	-
Durant settlement reimbursements	7,403	7,701
Prevocational coordinator reimbursement	-	10,557
Medicaid reimbursement	8,734	6,931
Career preparation	22,000	23,197
Performing arts reimbursement	-	35,123
Other	3,781	6,304
Total interdistrict sources	<u>2,678,416</u>	<u>1,807,414</u>
<b>Total Revenues</b>	<u><u>\$ 27,516,050</u></u>	<u><u>\$ 25,976,182</u></u>

**NORTHVIEW PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2005 and 2004**

	2005	2004
Current:		
Instruction:		
Basic programs:		
Elementary:		
Salaries:		
Teachers	\$ 2,546,400	\$ 2,535,332
Teaching assistants	27,005	-
Drivers	-	1,645
Substitutes	47,407	42,506
Employee benefits:		
Employee insurance	575,514	501,847
Early retirement incentive	-	12,000
Tuition reimbursement	13,521	6,894
Retirement	384,202	334,564
Social Security	199,383	196,934
Cash in lieu of benefits	8,108	9,515
Contracted services	2,101	2,540
Local travel	165	229
Workshops and conferences	99	691
Equipment repair and maintenance	567	635
Teaching supplies	60,752	71,353
Textbooks	22,929	25,816
Miscellaneous supplies	48	189
New equipment and furniture	7,972	1,388
Replacement equipment and furniture	2,670	691
Miscellaneous	1,833	786
	<u>3,900,676</u>	<u>3,745,555</u>
Middle school:		
Salaries:		
Teachers	2,599,340	2,647,928
Teaching assistants	(4,151)	4,438
Drivers	-	2,669
Substitutes	48,556	50,777
Employee benefits:		
Employee insurance	524,585	477,804
Early retirement incentive	56,932	41,932
Tuition reimbursement	25,261	19,673
Retirement	387,046	351,899
Social Security	205,895	209,262
Cash in lieu of benefits	6,661	7,944
Local travel	169	208
Workshops and conferences	100	-
Equipment repair and maintenance	3,315	1,747
Teaching supplies	64,489	51,161
Textbooks	20,918	16,335
Miscellaneous supplies	(1,398)	(130)
New equipment and furniture	3,621	2,661
Dues and fees	-	912
Miscellaneous	910	1,730
	<u>3,942,249</u>	<u>3,888,950</u>

(Continued)



**NORTHVIEW PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2005 and 2004**

	2005	2004
High school:		
Salaries:		
Teachers	\$ 3,277,293	\$ 3,131,337
Teaching assistants	35,400	25,376
Drivers	-	9,992
Substitutes	38,985	33,256
Employee benefits:		
Employee insurance	583,414	501,095
Early retirement incentive	17,830	17,830
Tuition reimbursement	24,897	15,750
Retirement	493,899	411,957
Social Security	259,027	246,124
Cash in lieu of benefits	13,987	14,763
Local travel	1,200	1,113
Workshops and conferences	1,594	100
Mailing and postage	-	294
Equipment repair and maintenance	4,112	5,199
Teaching supplies	80,329	97,177
Textbooks	14,753	17,723
Miscellaneous supplies	1,045	6,095
New equipment and furniture	26,477	10,966
Replacement equipment and furniture	208	4,408
Dues and fees	2,189	1,702
Miscellaneous	15,748	12,649
	4,892,387	4,564,906
Preschool:		
Salaries:		
Teachers	23,964	24,418
Teaching assistants	16,117	14,787
Drivers	-	371
Employee benefits:		
Employee insurance	85	202
Retirement	4,222	5,093
Social Security	2,359	3,165
Cash in lieu of benefits	2,027	2,170
Workshops and conferences	297	403
Teaching supplies	5,816	2,682
Miscellaneous	-	75
	54,887	53,366
Summer school:		
Other salaries	33,233	35,082
Employee benefits:		
Retirement	4,076	3,762
Social Security	2,540	2,666
Miscellaneous	752	89
	40,601	41,599
Total basic programs	12,830,800	12,294,376

(Continued)

**NORTHVIEW PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2005 and 2004**

	2005	2004
Added needs:		
Special education:		
Salaries:		
Teachers	\$ 1,837,947	\$ 1,924,804
Teaching assistants	396,872	321,900
Drivers	-	1,467
Substitutes	11,780	15,121
Employee benefits:		
Employee insurance	339,590	316,369
Early retirement incentive	17,586	23,286
Tuition reimbursement	13,641	8,303
Retirement	335,928	286,947
Social Security	167,397	179,852
Workers' compensation insurance	-	839
Cash in lieu of benefits	23,930	29,934
Contracted services	2,293	2,341
Local travel	9,253	3,648
Workshops and conferences	9,144	6,272
Mailing and postage	-	7
Printing and binding	28	-
Equipment repair and maintenance	1,577	13,729
Teaching supplies	9,251	13,188
Other supplies	2,024	1,355
New equipment and furniture	621	10,194
Miscellaneous	2,911	586
	3,181,773	3,160,142
Compensatory education:		
Salaries:		
Teachers	111,103	214,210
Teaching assistants	87,645	91,642
Employee benefits:		
Employee insurance	22,259	39,372
Retirement	31,622	35,494
Social Security	16,354	22,282
Cash in lieu of benefits	-	130
Workshops and conferences	-	3,122
Teaching supplies	(3,000)	352
	265,983	406,604
Total added needs	3,447,756	3,566,746
Adult education:		
Secondary:		
Salaries:		
Teachers	37,389	33,996
Clerical	-	8,601
Employee benefits:		
Retirement	5,743	5,533
Social Security	2,972	3,250
Total adult education	46,104	51,380

(Continued)

**NORTHVIEW PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2005 and 2004**

	2005	2004
Pupil services:		
Guidance services:		
Salaries:		
Counselors	\$ 373,914	\$ 317,577
Clerical	27,156	27,859
Teaching assistants	87,834	80,268
Employee benefits:		
Employee insurance	86,360	67,645
Tuition reimbursement	425	1,917
Retirement	69,650	54,991
Social Security	36,400	32,639
Cash in lieu of benefits	3,218	3,760
Pupil services	9,293	664
Workshops and conferences	-	800
Mailing and postage	1,119	829
Teaching supplies	-	1,274
Office supplies	2,888	741
Miscellaneous	167	82
	<u>698,424</u>	<u>591,046</u>
Occupational therapist services:		
Occupational therapist salary	-	37,162
Employee benefits:		
Retirement	-	4,840
Social Security	(13)	3,016
Cash in lieu of benefits	(166)	2,170
Workshops and conferences	167	322
Teaching supplies	709	219
	<u>697</u>	<u>47,729</u>
Psychological services:		
Psychologists salaries	1,855	121,133
Employee benefits:		
Employee insurance	44	14,017
Tuition reimbursement	-	271
Retirement	276	15,736
Social Security	129	9,433
Cash in lieu of benefits	(166)	2,170
Local travel	355	453
Workshops and conferences	-	213
Supplies	2,981	1,355
	<u>5,474</u>	<u>164,781</u>
Speech pathology services:		
Speech pathologists salaries	20,667	230,044
Employee benefits:		
Employee insurance	690	18,511
Tuition reimbursement	900	1,221
Retirement	2,755	27,348
Social Security	1,562	17,406
Cash in lieu of benefits	452	6,803
Local travel	165	253
Workshops and conferences	289	-
Supplies	1,735	2,524
	<u>29,215</u>	<u>304,110</u>

(Continued)

**NORTHVIEW PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2005 and 2004**

	2005	2004
Social worker services:		
Social workers salaries	\$ 113	\$ 210,005
Employee benefits:		
Employee insurance	209	29,660
Tuition reimbursement	500	845
Retirement	14	23,788
Social Security	6	16,017
Cash in lieu of benefits	-	(170)
Local travel	88	548
Supplies	371	605
	<u>1,301</u>	<u>281,298</u>
Teacher consultant services:		
Consultants salaries	28,484	-
Employee benefits:		
Employee insurance	4,556	-
Retirement	4,033	-
Social Security	2,178	-
	<u>39,251</u>	<u>-</u>
Other pupil services:		
Salaries:		
Supervisors	55,181	51,770
Crossing guards	25,068	25,000
Employee benefits:		
Retirement	11,831	9,972
Social Security	6,063	5,700
	<u>98,143</u>	<u>92,442</u>
Total pupil services	872,505	1,481,406
Instructional staff services:		
Improvement of instruction:		
Salaries:		
Directors	131,197	85,206
Assistants	2,461	2,173
Substitutes	-	12
Employee benefits:		
Employee insurance	14,206	13,355
Tuition reimbursement	1,638	669
Retirement	19,122	11,227
Social Security	10,204	6,691
Cash in lieu of benefits	2,207	-
Local travel	1,094	1,832
Workshops and conferences	6,256	90
Teaching supplies	13,963	1,396
Miscellaneous	5,650	3,821
	<u>207,998</u>	<u>126,472</u>
Media services:		
Salaries:		
Librarians	119,197	94,821
Assistants	-	89,330

(Continued)

**NORTHVIEW PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2005 and 2004**

	2005	2004
Media services: (Continued)		
Employee benefits:		
Employee insurance	\$ 27,510	\$ 20,036
Tuition reimbursement	-	495
Retirement	19,576	23,919
Social Security	10,193	13,690
Cash in lieu of benefits	-	(175)
Library books	16,829	5,657
Periodicals	2,419	2,701
Miscellaneous supplies	1,883	1,480
New equipment and furniture	-	169
Miscellaneous	141	-
	<u>197,748</u>	<u>252,123</u>
Technology assisted instruction:		
Information management salaries	34,227	33,493
Employee benefits:		
Employee insurance	5,736	5,375
Retirement	4,951	4,351
Social Security	2,621	2,562
	<u>47,535</u>	<u>45,781</u>
Supervision and direction of instruction:		
Salaries:		
Directors	152,670	145,464
Clerical	29,214	27,645
Assistants	-	42,526
Employee benefits:		
Employee insurance	28,310	26,840
Tuition reimbursement	3,822	3,598
Retirement	26,343	28,797
Social Security	14,281	17,264
Cash in lieu of benefits	2,945	5,100
Contracted services	1,675	8,740
Local travel	2,529	4,836
Workshops and conferences	13,386	11,374
Mailing and postage	1,353	1,245
Printing and binding	146	-
Equipment repair and maintenance	1,825	709
Teaching supplies	273	3,372
Office supplies	2,467	3,842
New equipment and furniture	480	1,019
Replacement equipment and furniture	63	2,715
Dues and fees	80	16
Miscellaneous	777	984
	<u>282,639</u>	<u>336,086</u>
Total instructional staff services	735,920	760,462
General administrative services:		
Board of education:		
Management services	4,241	3,966
Legal services	95,505	150,396
Audit services	28,286	27,400

(Continued)

**NORTHVIEW PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2005 and 2004**

	2005	2004
Board of education: (Continued)		
Election workers	\$ -	\$ 1,664
Workshops and conferences	5,404	975
Other purchased services	8,720	-
Supplies	1,215	586
Dues and fees	10,837	4,622
Miscellaneous	8,787	7,341
	<u>162,995</u>	<u>196,950</u>
Executive administration:		
Salaries:		
Superintendent	156,804	143,872
Clerical	83,136	77,533
Employee benefits:		
Employee insurance	28,207	26,734
Tuition reimbursement	3,645	9,264
Retirement	34,130	28,356
Social Security	14,773	14,011
Cash in lieu of benefits	12,652	11,369
Data processing services	-	82,823
Local travel	5,341	4,411
Workshops and conferences	717	1,098
Mailing and postage	9,045	10,962
Advertising	50	399
Equipment repair and maintenance	127	944
Equipment rental	3,814	3,082
Periodicals	142	258
Office supplies	50,207	1,398
Capital outlay	32	3,631
Dues and fees	2,864	4,614
Miscellaneous	14,770	4,702
	<u>420,456</u>	<u>429,461</u>
Total general administrative services	583,451	626,411
School administrative services:		
Office of the principal:		
Salaries:		
Principals	681,291	616,904
Clerical	306,378	269,892
Assistants	39,257	35,569
Employee benefits:		
Employee insurance	157,904	130,052
Tuition reimbursement	5,177	8,775
Retirement	148,100	119,093
Social Security	77,958	70,685
Cash in lieu of benefits	7,776	9,480
Local travel	9,741	8,550
Workshops and conferences	691	1,047
Mailing and postage	13,743	13,470
Printing and binding	772	-
Equipment repair and maintenance	40	4,336
Periodicals	-	380

(Continued)

**NORTHVIEW PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2005 and 2004**

	2005	2004
Office of the principal: (Continued)		
Office supplies	\$ 6,809	\$ 8,565
Miscellaneous supplies	532	365
Dues and fees	8,160	4,203
Miscellaneous	2,694	1,445
	<u>1,467,023</u>	<u>1,302,811</u>
Other school administration:		
Graduation	9,288	8,517
Total school administrative services	<u>1,476,311</u>	<u>1,311,328</u>
Business services:		
Fiscal services:		
Salaries:		
Supervisor	127,928	80,208
Accounting	100,059	93,245
Clerical	38,623	35,631
Employee benefits:		
Employee insurance	50,185	38,129
Tuition reimbursement	1,490	-
Retirement	36,517	27,156
Social Security	20,319	16,164
Cash in lieu of benefits	2,314	5,208
Local travel	2,495	2,137
Workshops and conferences	1,023	553
Advertising	1,478	720
Supplies	2,517	6,118
Dues and fees	1,410	470
	<u>386,358</u>	<u>305,739</u>
Internal services:		
Clerical salaries	21,654	21,919
Employee benefits:		
Employee insurance	784	1,504
Retirement	3,146	2,838
Social Security	1,656	1,677
Equipment rental	142,963	141,290
Supplies	3,794	3,938
Intradistrict copy charges	(54,237)	(52,289)
	<u>119,760</u>	<u>120,877</u>
Other business services:		
Workers' compensation insurance	182,871	162,369
Unemployment compensation	21,580	11,994
Professional services	12,319	12,431
Other insurance and bonds	-	12,827
Capital outlay	-	2,965
Interest expense	66,797	25,750
Tax refunds	120,286	11,458
Miscellaneous	22	11,909
	<u>403,875</u>	<u>251,703</u>
Total business services	<u>909,993</u>	<u>678,319</u>

(Continued)

**NORTHVIEW PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2005 and 2004**

	2005	2004
Operation and maintenance services:		
Operation and maintenance:		
Salaries:		
Custodial	\$ 603,793	\$ 613,060
Maintenance	279,808	306,227
Clerical	9,445	9,287
Other	84,313	-
Severance pay	-	7,300
Employee benefits:		
Employee insurance	260,269	263,683
Retirement	137,362	119,257
Social Security	75,038	71,441
Cash in lieu of benefits	2,360	3,360
Local travel	3,657	6,888
Workshops and conferences	-	370
Telephone	80,647	92,848
Water and sewer	42,264	43,370
Waste and trash disposal	31,854	2,467
Other utility service	803	456
Building insurance	138,914	106,048
Transportation insurance	-	2,540
Land/building repair and maintenance	9,512	7,157
Equipment repair and maintenance	17,169	2,186
Other repair and maintenance	6,914	-
Rentals	385	759
Other purchased services	147,638	174,377
Heating	257,859	243,096
Electricity	342,604	290,762
Tires, tubes and batteries	52	605
Vehicle repair parts	4,266	1,599
Miscellaneous supplies	217,796	212,270
New equipment and furniture	7,815	1,000
Dues and fees	645	340
Miscellaneous	4,816	4,839
	<u>2,767,998</u>	<u>2,587,592</u>
Security services:		
Security salaries	83,367	33,809
Employee benefits:		
Employee insurance	8,231	4,523
Retirement	8,068	2,398
Social Security	4,042	1,536
	<u>103,708</u>	<u>42,266</u>
Total operation and maintenance services	2,871,706	2,629,858
Pupil transportation services:		
Pupil transportation:		
Salaries:		
Supervisor	54,684	52,163
Drivers	248,548	265,568
Mechanics	55,866	48,412
Clerical	14,012	13,619

(Continued)



**NORTHVIEW PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2005 and 2004**

	2005	2004
Pupil transportation: (Continued)		
Employee benefits:		
Employee insurance	\$ 75,982	\$ 63,750
Retirement	62,023	49,063
Social Security	32,827	29,235
Cash in lieu of benefits	8,971	6,551
Other employee benefits	827	-
Contracted services	-	1,074
Local travel	863	860
Workshops and conferences	2,040	801
Transportation insurance	-	11,670
Vehicle repair and maintenance	-	202
Gasoline, oil and grease	60,326	35,751
Tires, tubes and batteries	5,137	7,868
Vehicle repair parts	50,281	44,983
Miscellaneous supplies	620	2,252
New equipment and furniture	-	6,783
New vehicles	153,996	-
Dues and fees	1,351	130
Miscellaneous	6,380	2,518
Total pupil transportation services	830,654	643,253
Central services:		
Planning and evaluation:		
Salaries:		
Other professional	18,365	21,911
Substitutes	6,011	3,218
Employee benefits:		
Employee insurance	339	-
Retirement	1,326	619
Social Security	779	373
Purchased services	15,941	61,962
Workshops and conferences	20,328	4,684
Other supplies and materials	-	16,000
New equipment and furniture	6,440	2,095
Miscellaneous	904	-
	70,433	110,862
Communications services:		
Other technical salaries	2,805	2,711
Employee benefits:		
Employee insurance	1,028	1,002
Retirement	404	352
Social Security	215	207
Mailing and postage	9,479	9,618
Printing and binding	35,044	37,368
	48,975	51,258
Staff/professional services:		
Management information services	-	3,040
Other professional and technical services	1,935	1,292
Other supplies and materials	-	2,084
	1,935	6,416

(Continued)

**NORTHVIEW PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2005 and 2004**

	2005	2004
Technology services:		
Director salary	\$ 103,499	\$ 84,583
Employee benefits:		
Employee insurance	19,561	18,263
Retirement	14,921	10,979
Social Security	8,124	6,546
Contracted services	27,260	10,516
Workshops and conferences	3,296	8,365
Copyright fees and software licenses	5,275	-
Supplies	1,952	3,586
New equipment and furniture	67,085	21,302
	<u>250,973</u>	<u>164,140</u>
Total central services	372,316	332,676
Community services:		
Community recreation:		
Salaries:		
Recreation	6,487	4,934
Drivers	-	1,013
Clerical	19,614	19,957
Employee benefits:		
Employee insurance	36	-
Retirement	4,101	3,586
Social Security	2,469	2,265
Cash in lieu of benefits	1,488	2,022
Contracted services	20,694	14,965
Local travel	127	32
Mailing and postage	1,432	1,727
Supplies	3,781	12,220
Dues and fees	5	35
Miscellaneous	344	-
	<u>60,578</u>	<u>62,756</u>
Senior citizens services:		
Supervisor salary	12,406	11,564
Employee benefits:		
Retirement	1,807	1,502
Social Security	949	885
Contracted services	3,228	169
	<u>18,390</u>	<u>14,120</u>
Performing arts center:		
Salaries:		
Supervisor	5,330	13,995
Assistants	3,969	2,215
Employee benefits:		
Employee insurance	4,077	3,239
Retirement	2,179	3,055
Social Security	1,290	-
Contracted services	-	2,189
Equipment repair and maintenance	-	314
Equipment rentals	-	77

(Continued)

**NORTHVIEW PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2005 and 2004**

	2005	2004
Performing arts center: (Continued)		
Office supplies	\$ 7,852	\$ 6,134
Replacement equipment and furniture	-	8,291
Miscellaneous	8,032	-
	<u>32,729</u>	<u>39,509</u>
Custody and care of children:		
Salaries:		
Drivers	-	55
Assistants	147,266	133,760
Employee benefits:		
Employee insurance	17,422	14,129
Retirement	21,059	16,931
Social Security	11,439	10,338
Cash in lieu of benefits	3,600	2,215
Workshops and conferences	378	-
Supplies	2,667	10,176
Electricity	4,625	-
New equipment and furniture	1,940	360
Miscellaneous	2,319	376
	<u>212,715</u>	<u>188,340</u>
Total community services	324,412	304,725
Interdistrict:		
Tuition	265,693	390,030
Transportation	296,018	313,571
Special education - itinerents	851,725	-
Other	1,080	4,769
Total interdistrict	<u>1,414,516</u>	<u>708,370</u>
<b>Total Expenditures</b>	<u><u>\$ 26,716,444</u></u>	<u><u>\$ 25,389,310</u></u>

## **NONMAJOR FUNDS**

**NORTHVIEW PUBLIC SCHOOLS**  
**Combining Balance Sheet - Nonmajor Governmental Funds**  
**June 30, 2005**

	Special Revenue		Debt Service	
	Food Service	Athletics	1996	1998
<b>Assets</b>				
Cash equivalents	\$ -	\$ 500	\$ -	\$ -
Investments	908,088	196,297	967,870	688,870
Taxes receivable	-	-	31,881	21,696
Due from other funds	14,590	-	64,075	46,856
Due from other governmental units	7,051	-	-	-
Inventory	3,588	-	-	-
<b>Total Assets</b>	<b>\$ 933,317</b>	<b>\$ 196,797</b>	<b>\$ 1,063,826</b>	<b>\$ 757,422</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 6,066	\$ 167	\$ -	\$ -
Due to other funds	804,722	93,310	16,327	11,159
Due to other governmental units	-	2,033	-	-
Salaries payable	-	9,297	-	-
Deferred revenue	-	-	31,881	21,696
<b>Total Liabilities</b>	<b>810,788</b>	<b>104,807</b>	<b>48,208</b>	<b>32,855</b>
<b>Fund Balances</b>				
Reserved for debt service	-	-	1,015,618	724,567
Reserved for capital outlay	-	-	-	-
Unreserved:				
Undesignated	122,529	91,990	-	-
<b>Total Fund Balances</b>	<b>122,529</b>	<b>91,990</b>	<b>1,015,618</b>	<b>724,567</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 933,317</b>	<b>\$ 196,797</b>	<b>\$ 1,063,826</b>	<b>\$ 757,422</b>

<u>Capital Projects</u>	
<u>Building and Site</u>	<u>Total</u>
\$ -	\$ 500
122,428	2,883,553
9,327	62,904
10,554	136,075
-	7,051
-	3,588
<u>\$ 142,309</u>	<u>\$ 3,093,671</u>

\$ -	\$ 6,233
4,802	930,320
-	2,033
-	9,297
9,327	62,904
<u>14,129</u>	<u>1,010,787</u>

-	1,740,185
128,180	128,180
-	214,519
<u>128,180</u>	<u>2,082,884</u>
<u>\$ 142,309</u>	<u>\$ 3,093,671</u>

**NORTHVIEW PUBLIC SCHOOLS**  
**Combining Schedule of Revenues, Expenditures and Changes in**  
**Fund Balances - Nonmajor Governmental Funds**  
**For the year ended June 30, 2005**

	Special Revenue		Debt Service	
	Food Service	Athletics	1996	1998
<b>Revenues</b>				
Local sources:				
Property taxes	\$ -	\$ -	\$ 1,972,056	\$ 1,477,366
Interest earnings	8,228	1,093	22,215	12,596
Sales and admissions	546,633	103,933	-	-
Total local sources	554,861	105,026	1,994,271	1,489,962
State sources	53,420	-	-	-
Federal sources	288,124	-	-	-
<b>Total Revenues</b>	<b>896,405</b>	<b>105,026</b>	<b>1,994,271</b>	<b>1,489,962</b>
<b>Expenditures</b>				
Current:				
Supporting services	-	-	-	-
Food service	848,095	-	-	-
Athletics	-	700,545	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal repayment	-	-	1,225,000	100,000
Interest and fiscal charges	-	-	237,828	988,571
<b>Total Expenditures</b>	<b>848,095</b>	<b>700,545</b>	<b>1,462,828</b>	<b>1,088,571</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>48,310</b>	<b>(595,519)</b>	<b>531,443</b>	<b>401,391</b>
<b>Other Financing Sources</b>				
Transfers in	-	605,378	-	-
<b>Net Change In Fund Balances</b>	<b>48,310</b>	<b>9,859</b>	<b>531,443</b>	<b>401,391</b>
<b>Fund Balances, July 1</b>	<b>74,219</b>	<b>82,131</b>	<b>484,175</b>	<b>323,176</b>
<b>Fund Balances, June 30</b>	<b>\$ 122,529</b>	<b>\$ 91,990</b>	<b>\$ 1,015,618</b>	<b>\$ 724,567</b>

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Capital Projects	
Building and Site	Total
\$ 586,067	\$ 4,035,489
5,554	49,686
-	650,566
591,621	4,735,741
-	53,420
-	288,124
591,621	5,077,285
3,662	3,662
-	848,095
-	700,545
929,889	929,889
-	1,325,000
-	1,226,399
933,551	5,033,590
(341,930)	43,695
-	605,378
(341,930)	649,073
470,110	1,433,811
\$ 128,180	\$ 2,082,884



**NORTHVIEW PUBLIC SCHOOLS**  
**Food Service Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended June 30, 2005**

	2005			2004
	Budget	Actual	Variance - Positive (Negative)	Actual
<b>Revenues</b>				
Local sources:				
Interest earnings	\$ 1,224	\$ 8,228	\$ 7,004	\$ 317
Sales and admissions	560,500	546,633	(13,867)	567,966
Total local sources	561,724	554,861	(6,863)	568,283
State sources	20,400	53,420	33,020	34,804
Federal sources	221,340	288,124	66,784	252,779
<b>Total Revenues</b>	<b>803,464</b>	<b>896,405</b>	<b>92,941</b>	<b>855,866</b>
<b>Expenditures</b>				
Current:				
Food service	802,679	848,095	(45,416)	852,167
<b>Net Change In Fund Balances</b>	<b>785</b>	<b>48,310</b>	<b>47,525</b>	<b>3,699</b>
<b>Fund Balances, July 1</b>	<b>74,219</b>	<b>74,219</b>	<b>-</b>	<b>70,520</b>
<b>Fund Balances, June 30</b>	<b>\$ 75,004</b>	<b>\$ 122,529</b>	<b>\$ 47,525</b>	<b>\$ 74,219</b>

**NORTHVIEW PUBLIC SCHOOLS**  
**Athletics Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended June 30, 2005**

	2005			2004
	Budget	Actual	Variance - Positive (Negative)	Actual
<b>Revenues</b>				
Local sources:				
Sales and admissions	\$ 71,834	\$ 103,933	\$ 32,099	\$ 118,086
Interest earnings	-	1,093	1,093	-
<b>Total Revenues</b>	<u>71,834</u>	<u>105,026</u>	<u>33,192</u>	<u>118,086</u>
<b>Expenditures</b>				
Current:				
Athletics	<u>690,144</u>	<u>700,545</u>	<u>(10,401)</u>	<u>639,145</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(618,310)</u>	<u>(595,519)</u>	<u>22,791</u>	<u>(521,059)</u>
<b>Other Financing Sources</b>				
Transfers in	<u>618,310</u>	<u>605,378</u>	<u>(12,932)</u>	<u>603,229</u>
<b>Net Change In Fund Balances</b>	-	9,859	9,859	82,170
<b>Fund Balances, July 1</b>	<u>82,131</u>	<u>82,131</u>	-	<u>(39)</u>
<b>Fund Balances, June 30</b>	<u><u>\$ 82,131</u></u>	<u><u>\$ 91,990</u></u>	<u><u>\$ 9,859</u></u>	<u><u>\$ 82,131</u></u>

## **SPECIAL REVENUE FUNDS**

*Food Service*—to account for monies received from food service activities and federal subsidies for use in administering the hot lunch program of the District.

*Athletics*—to account for activity receipts and General Fund contributions used in administering the athletic program of the District.

**NORTHVIEW PUBLIC SCHOOLS**  
**Food Service Special Revenue Fund**  
**Comparative Balance Sheet**  
**June 30, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
<b>Assets</b>		
Investments	\$ 908,088	\$ 62,368
Due from other funds	14,590	340
Due from other governmental units	7,051	6,866
Inventory	<u>3,588</u>	<u>9,003</u>
<b>Total Assets</b>	<u><u>\$ 933,317</u></u>	<u><u>\$ 78,577</u></u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 6,066	\$ 4,311
Due to other funds	804,722	1
Due to other governmental units	<u>-</u>	<u>46</u>
<b>Total Liabilities</b>	<u>810,788</u>	<u>4,358</u>
<b>Fund Balances</b>		
Unreserved:		
Undesignated	<u>122,529</u>	<u>74,219</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 933,317</u></u>	<u><u>\$ 78,577</u></u>

**NORTHVIEW PUBLIC SCHOOLS**  
**Food Service Special Revenue Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended June 30, 2005 and 2004**

	2005	2004
<b>Revenues</b>		
Local sources:		
Sales and admissions:		
Children's lunches	\$ 330,514	\$ 391,904
Children's breakfasts	13,914	12,226
Adult lunches and banquets	7,011	16,213
Ala carte	176,866	128,291
Other	18,328	19,332
	<u>546,633</u>	<u>567,966</u>
Interest earnings:		
Interest on investments	8,228	317
Total local sources	<u>554,861</u>	<u>568,283</u>
State sources	53,420	34,804
Federal sources	<u>288,124</u>	<u>252,779</u>
<b>Total Revenues</b>	<u>896,405</u>	<u>855,866</u>
<b>Expenditures</b>		
Current:		
Food service:		
Salaries:		
Supervisor	20,030	19,780
Food service	283,157	293,814
Drivers	12,913	11,941
Employee benefits:		
Employee insurance	27,387	31,308
Retirement	44,581	41,554
Social Security	23,750	25,508
Cash in lieu of benefits	9,900	13,510
Management services	380	40
Local travel	1,165	384
Workshops and conferences	921	465
Mailing and postage	259	-
Printing and binding	343	382
Equipment repair and maintenance	1,159	580
Vehicle repair and maintenance	-	514
Supplies	30,602	23,837
Food	363,866	377,660
New equipment and furniture	11,570	6,381
Replacement equipment and furniture	10,732	-
Dues and fees	2,681	211
Miscellaneous	2,699	4,298
	<u>848,095</u>	<u>852,167</u>
<b>Total Expenditures</b>	<u>848,095</u>	<u>852,167</u>
<b>Net Change In Fund Balances</b>	48,310	3,699
<b>Fund Balances, July 1</b>	<u>74,219</u>	<u>70,520</u>
<b>Fund Balances, June 30</b>	<u><u>\$ 122,529</u></u>	<u><u>\$ 74,219</u></u>

**NORTHVIEW PUBLIC SCHOOLS**  
**Athletics Special Revenue Fund**  
**Comparative Balance Sheet**  
**June 30, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
<b>Assets</b>		
Cash equivalents	\$ 500	\$ 89,754
Investments	<u>196,297</u>	<u>-</u>
<b>Total Assets</b>	<b><u>\$ 196,797</u></b>	<b><u>\$ 89,754</u></b>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 167	\$ -
Due to other funds	93,310	-
Due to other governmental units	2,033	1,182
Payroll withholdings payable	-	953
Salaries payable	<u>9,297</u>	<u>5,488</u>
<b>Total Liabilities</b>	<b><u>104,807</u></b>	<b><u>7,623</u></b>
<b>Fund Balances</b>		
Unreserved:		
Undesignated	<u>91,990</u>	<u>82,131</u>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 196,797</u></b>	<b><u>\$ 89,754</u></b>

**NORTHVIEW PUBLIC SCHOOLS**  
**Athletics Special Revenue Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended June 30, 2005 and 2004**

	2005	2004
<b>Revenues</b>		
Local sources:		
Sales and admissions:		
Admissions	\$ 103,933	\$ 107,431
Donations	-	10,655
	<u>103,933</u>	<u>118,086</u>
Interest earnings:		
Interest on investments	<u>1,093</u>	<u>-</u>
<b>Total Revenues</b>	<u>105,026</u>	<u>118,086</u>
<b>Expenditures</b>		
Current:		
Athletics:		
Salaries:		
Director	96,492	78,805
Coaches	287,632	268,041
Athletic trainer	24,157	27,041
Drivers	37,209	38,111
Other	19,899	23,135
Employee benefits:		
Employee insurance	1,734	2,021
Retirement	59,874	45,438
Social Security	32,509	28,156
Cash in lieu of benefits	2,945	4,034
EMT services	35,875	31,892
Local travel	1,384	1,506
Workshops and conferences	923	776
Mailing and postage	577	542
Printing and binding	2,267	958
Equipment repair and maintenance	6,106	461
Contracted services	-	4,564
Office supplies	317	322
Other supplies and materials	3,043	2,947
New furniture and equipment	4,700	13,143
Replacement equipment and furniture	28,413	32,901
Dues and fees	4,173	1,605
Tournaments	14,212	14,481
Miscellaneous	<u>36,104</u>	<u>18,265</u>
<b>Total Expenditures</b>	<u>700,545</u>	<u>639,145</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(595,519)</u>	<u>(521,059)</u>
<b>Other Financing Sources</b>		
Transfers in	<u>605,378</u>	<u>603,229</u>
<b>Net Change In Fund Balances</b>	9,859	82,170
<b>Fund Balances, July 1</b>	<u>82,131</u>	<u>(39)</u>
<b>Fund Balances, June 30</b>	<u><u>\$ 91,990</u></u>	<u><u>\$ 82,131</u></u>

## **DEBT SERVICE FUNDS**

*Debt Service Funds*—To accumulate property tax revenues and interest earnings for repayment of the bond issues of the District used to finance new building construction projects.



**NORTHVIEW PUBLIC SCHOOLS**  
**Debt Service Funds**  
**Combining Balance Sheet**  
**June 30, 2005**

	1996	1998	Totals	
			2005	2004
<b>Assets</b>				
Investments	\$ 967,870	\$ 688,870	\$ 1,656,740	\$ 813,893
Taxes receivable	31,881	21,696	53,577	46,125
Due from other funds	64,075	46,856	110,931	-
<b>Total Assets</b>	<u>\$ 1,063,826</u>	<u>\$ 757,422</u>	<u>\$ 1,821,248</u>	<u>\$ 860,018</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Due to other funds	\$ 16,327	\$ 11,159	\$ 27,486	\$ 6,542
Deferred revenue	31,881	21,696	53,577	46,125
<b>Total Liabilities</b>	<u>48,208</u>	<u>32,855</u>	<u>81,063</u>	<u>52,667</u>
<b>Fund Balances</b>				
Reserved for debt service	<u>1,015,618</u>	<u>724,567</u>	<u>1,740,185</u>	<u>807,351</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 1,063,826</u>	<u>\$ 757,422</u>	<u>\$ 1,821,248</u>	<u>\$ 860,018</u>

**NORTHVIEW PUBLIC SCHOOLS**  
**Debt Service Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2005**

	1996	1998	Totals	
			2005	2004
<b>Revenues</b>				
Local sources:				
Property taxes:				
Current property taxes	\$ 1,963,222	\$ 1,472,403	\$ 3,435,625	\$ 3,237,008
Industrial facilities taxes	1,476	1,107	2,583	6,346
Delinquent property taxes	2,360	1,770	4,130	1,151
Interest on delinquent taxes	2,862	-	2,862	4,003
Other taxes	2,136	2,086	4,222	401
In lieu of taxes	-	-	-	6,487
	<u>1,972,056</u>	<u>1,477,366</u>	<u>3,449,422</u>	<u>3,255,396</u>
Interest earnings:				
Interest on investments	<u>22,215</u>	<u>12,596</u>	<u>34,811</u>	<u>7,478</u>
<b>Total Revenues</b>	<u>1,994,271</u>	<u>1,489,962</u>	<u>3,484,233</u>	<u>3,262,874</u>
<b>Expenditures</b>				
Debt service:				
Principal repayment	1,225,000	100,000	1,325,000	1,221,573
Interest and fiscal charges:				
Interest expense	224,540	979,615	1,204,155	1,261,022
Paying agent fees	700	600	1,300	-
Tax refunds	<u>12,588</u>	<u>8,356</u>	<u>20,944</u>	<u>-</u>
<b>Total Expenditures</b>	<u>1,462,828</u>	<u>1,088,571</u>	<u>2,551,399</u>	<u>2,482,595</u>
<b>Net Change in Fund Balances</b>	531,443	401,391	932,834	780,279
<b>Fund Balances, July 1</b>	<u>484,175</u>	<u>323,176</u>	<u>807,351</u>	<u>27,072</u>
<b>Fund Balances, June 30</b>	<u><u>\$ 1,015,618</u></u>	<u><u>\$ 724,567</u></u>	<u><u>\$ 1,740,185</u></u>	<u><u>\$ 807,351</u></u>

## **CAPITAL PROJECTS FUND**

*Building and Site*—to account for property tax revenues and interest earnings used to finance building restoration projects.

**NORTHVIEW PUBLIC SCHOOLS**  
**Building and Site Capital Projects Fund**  
**Comparative Balance Sheet**  
**June 30, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
<b>Assets</b>		
Investments	\$ 122,428	\$ 471,250
Taxes receivable	9,327	8,113
Due from other funds	<u>10,554</u>	<u>-</u>
<b>Total Assets</b>	<u><u>\$ 142,309</u></u>	<u><u>\$ 479,363</u></u>
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Due to other funds	\$ 4,802	\$ 1,140
Deferred revenue	<u>9,327</u>	<u>8,113</u>
<b>Total Liabilities</b>	<u>14,129</u>	<u>9,253</u>
<b>Fund Balances</b>		
Reserved for capital outlay	<u>128,180</u>	<u>470,110</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 142,309</u></u>	<u><u>\$ 479,363</u></u>

**NORTHVIEW PUBLIC SCHOOLS**  
**Building and Site Capital Projects Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended June 30, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
<b>Revenues</b>		
Local sources:		
Property taxes:		
Current property taxes	\$ 582,647	\$ 563,307
Industrial facilities taxes	446	1,105
Delinquent property taxes	720	408
Other property taxes	-	77
Interest on delinquent taxes	2,254	697
In lieu of taxes	-	1,129
	<u>586,067</u>	<u>566,723</u>
Interest earnings:		
Interest on investments	<u>5,554</u>	<u>4,801</u>
<b>Total Revenues</b>	<u>591,621</u>	<u>571,524</u>
<b>Expenditures</b>		
Business services:		
Tax refunds	3,662	-
Capital outlay:		
Building improvements	<u>929,889</u>	<u>845,009</u>
<b>Total Expenditures</b>	<u>933,551</u>	<u>845,009</u>
<b>Net Change In Fund Balances</b>	(341,930)	(273,485)
<b>Fund Balances, July 1</b>	<u>470,110</u>	<u>743,595</u>
<b>Fund Balances, June 30</b>	<u><u>\$ 128,180</u></u>	<u><u>\$ 470,110</u></u>

## **AGENCY FUND**

*Student Activities*—to account for the collection and disbursements of monies used by the school activity clubs and groups.

**NORTHVIEW PUBLIC SCHOOLS**  
**Student Activities Agency Fund**  
**Statement of Changes in Assets and Liabilities**  
**For the year ended June 30, 2005**

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	<u>Balances July 1, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances June 30, 2005</u>
<b>Assets</b>				
Investments	\$ 177,899	\$ 627,606	\$ 653,888	\$ 151,617
Due from other funds	<u>-</u>	<u>15,064</u>	<u>-</u>	<u>15,064</u>
<b>Total Assets</b>	<u><u>\$ 177,899</u></u>	<u><u>\$ 642,670</u></u>	<u><u>\$ 653,888</u></u>	<u><u>\$ 166,681</u></u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 775	\$ -	\$ 775
Due to other funds	1,819	-	1,152	667
Due to student groups	<u>176,080</u>	<u>641,895</u>	<u>652,736</u>	<u>165,239</u>
<b>Total Liabilities</b>	<u><u>\$ 177,899</u></u>	<u><u>\$ 642,670</u></u>	<u><u>\$ 653,888</u></u>	<u><u>\$ 166,681</u></u>

## **OTHER INFORMATION**



**NORTHVIEW PUBLIC SCHOOLS**  
**Summary of 2004 Taxes Levied and Collected**  
**For the year ended June 30, 2005**

	Kent County			
	Townships of			
	Ada	Grand Rapids	Plainfield	Total
<b>Taxable Valuations</b>				
Operating	\$ 422,944	\$ 10,747,947	\$ 153,512,731	\$164,683,622
Recreation/Debt Service/Building & Site	9,290,726	52,163,837	438,769,045	500,223,608
<b>Rates (Mills)</b>				
General Fund				18.0000
Recreation				0.7500
1996 Debt Service Fund				4.0000
1998 Debt Service Fund				3.0000
Building and Site Fund				1.2072
				<u>26.9572</u>
<b>Taxes Levied 2004 Rolls</b>				
General Fund	\$ 7,613	\$ 193,462	\$ 2,763,155	\$ 2,964,230
Recreation	6,968	39,873	329,077	375,918
1996 Debt Service Fund	37,162	208,285	1,755,048	2,000,495
1998 Debt Service Fund	27,872	156,214	1,316,286	1,500,372
Building and Site Fund	11,216	62,860	529,674	603,750
	<u>90,831</u>	<u>660,694</u>	<u>6,693,240</u>	<u>7,444,765</u>
<b>Taxes Uncollected 2004 Rolls</b>				
General Fund	-	2,148	57,897	60,045
Recreation	-	43	2,413	2,456
1996 Debt Service Fund	-	501	12,866	13,367
1998 Debt Service Fund	-	375	9,649	10,024
Building and Site Fund	-	152	3,882	4,034
	<u>-</u>	<u>3,219</u>	<u>86,707</u>	<u>89,926</u>
<b>Taxes Collected 2004 Rolls</b>				
General Fund	7,613	191,314	2,705,258	2,904,185
Recreation	6,968	39,830	326,664	373,462
1996 Debt Service Fund	37,162	207,784	1,742,182	1,987,128
1998 Debt Service Fund	27,872	155,839	1,306,637	1,490,348
Building and Site Fund	11,216	62,708	525,792	599,716
	<u>90,831</u>	<u>657,475</u>	<u>6,606,533</u>	<u>7,354,839</u>
<b>Delinquent Taxes Collected</b>				
General Fund	-	1,114	9,506	10,620
1996 Debt Service Fund	-	248	2,112	2,360
1998 Debt Service Fund	-	186	1,584	1,770
Building and Site Fund	-	76	644	720
	<u>-</u>	<u>1,624</u>	<u>13,846</u>	<u>15,470</u>
<b>Total Taxes Collected</b>				
General Fund	7,613	192,428	2,714,764	2,914,805
Recreation	6,968	39,830	326,664	373,462
1996 Debt Service Fund	37,162	208,032	1,744,294	1,989,488
1998 Debt Service Fund	27,872	156,025	1,308,221	1,492,118
Building and Site Fund	11,216	62,784	526,436	600,436
	<u>\$ 90,831</u>	<u>\$ 659,099</u>	<u>\$ 6,620,379</u>	<u>\$ 7,370,309</u>

(Continued)

**NORTHVIEW PUBLIC SCHOOLS**  
**Summary of 2004 Taxes Levied and Collected**  
**For the year ended June 30, 2005**

**Taxes Uncollected – June 30, 2005**

General Fund - Operating:				
2004	\$ -	\$ 2,148	\$ 57,897	\$ 60,045
2003	-	2,324	30,201	32,525
2002	870	1,655	44,627	47,152
	<u>870</u>	<u>6,127</u>	<u>132,725</u>	<u>139,722</u>
General Fund - Recreation:				
2004	-	43	2,413	2,456
1996 Debt Service Fund:				
2004	-	501	12,866	13,367
2003	-	515	6,712	7,227
2002	218	303	10,766	11,287
	<u>218</u>	<u>1,319</u>	<u>30,344</u>	<u>31,881</u>
1998 Debt Service Fund:				
2004	-	375	9,649	10,024
2003	-	386	5,034	5,420
2002	121	158	5,973	6,252
	<u>121</u>	<u>919</u>	<u>20,656</u>	<u>21,696</u>
Building & Site Fund:				
2004	-	152	3,882	4,034
2003	-	157	2,046	2,203
2002	59	81	2,950	3,090
	<u>59</u>	<u>390</u>	<u>8,878</u>	<u>9,327</u>
<b>Total Taxes Uncollected</b>	<u><u>\$ 1,268</u></u>	<u><u>\$ 8,798</u></u>	<u><u>\$ 195,016</u></u>	<u><u>\$ 205,082</u></u>

# Hungerford, Aldrin, Nichols & Carter, P.C.

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C P A s   A N D   C O N S U L T A N T S

September 23, 2005

The Board of Education  
Northview Public Schools

The following comments pertain to our audit of the financial records of Northview Public Schools as of and for the year ended June 30, 2005. The comments are made in accordance with Statement on Auditing Standards No. 61 "Communication With Audit Committees" which requires that in certain audits, certain matters are to be communicated to those who have responsibility for oversight of the financial reporting process. The communications required by this statement, if pertinent to the examination, are as follows:

1. Auditor's Responsibility Under Generally Accepted Auditing Standards.
2. Significant Accounting Policies.
3. Management Judgments and Accounting Estimates.
4. Significant Audit Adjustments.
5. Other Information in Documents Containing Audited Financial Statements.
6. Disagreements With Management.
7. Consultation With Other Accountants.
8. Major Issues Discussed With Management Prior to Retention.
9. Difficulties Encountered in Performing the Audit.
10. Uncorrected Misstatements (Passed Audit Adjustments).

The communications specified by this Statement are incidental to the audit and are not required to occur before, nor do they affect, our auditor's report on the District's financial statements.

The following are the matters to be communicated by SAS No. 61 based on our observations during the course of our audit of the financial statements and our review and evaluation of the internal control system of Northview Public Schools:

### **Auditors Responsibility Under U.S. Generally Accepted Auditing Standards**

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

In planning and performing our audit, we considered Northview Public School's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether Northview Public School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about Northview Public School's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on Northview Public School's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on Northview Public School's compliance with those requirements.

### **Significant Accounting Policies**

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Northview Public Schools are described in Note A to the financial statements.

### **Difficulties Encountered In Performing The Audit**

While we found the internal control structure and accounting system to be basically adequate and operating in the manner intended, we were required to spend significant additional audit field work time (including significant interim audit field work account analysis and adjusting journal entries) due to deficiencies in the District's monitoring systems in the following areas:

- A detailed analysis of each General Fund revenue account and reclassification entries were required to insure the proper presentation of state grant, federal grant and inter-district revenue accounts.
- A detailed analysis of each General Fund employee insurance liability and expenditure account and correcting entries were required to present the proper ending balances and allocation of expenditures, and to insure that district employee benefit expenditure accounts were charged the proper amounts during the year.

### **Audit Adjustments**

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. During the course of our audit the following adjustments of a significant nature were made to the accounting records of the District to bring the balances to those presented in the financial statements:

#### **General Fund**

1. \$51,881 to record 2004 delinquent personal property taxes receivable and \$28,679 to write off 2001 delinquent personal property taxes uncollected at June 30, 2005.
2. \$159,014 to correct the fund and account classification of property taxes collected during the 2004-05 fiscal year.
3. \$1,507,696 to correct the balances of inter-fund receivables/payables at June 30, 2005.
4. \$302,757 to record accounts receivable for federal grants at June 30, 2005.

Adjustments 1, 2 and 3 above had corresponding balancing entries in the Food Service, Athletics, Debt Service, Building and Site and Student Activity Funds of the District.

### **Proposed Audit Adjustments**

There were no material adjustments proposed during the audit not recorded by Northview Public Schools.

### **Suggestions And Recommendations**

We offered suggestions and recommendations regarding the day-to-day operations of the accounting system of Northview Public Schools to the Director of Finance and Operations and District payroll and accounting personnel as the topics arose during the course of our audit fieldwork. Hopefully, these suggestions will ease the day-to-day operations of the business office and assist in more efficient monthly and year-end financial record keeping and reporting.

## Other Comments

All balance sheet accounts (for all funds) should be reconciled by District accounting personnel, and reviewed by the Director of Finance, on a monthly basis in a timely manner. Reviewing revenues and expenditures compared to the budget is not enough to insure that all transactions are being recorded, and that they are being recorded properly. The computer payroll and accounting system of the District utilizes balance sheet accounts for each transaction that occurs, so it is imperative that these accounts be continually monitored and reconciled.

The General Fund balance of the District increased by \$379,119 to \$3,399,664 at June 30, 2005. This balance represents approximately 12.3 percent of the District's 2005-6 expenditure budget. Maintaining a fund balance of at least 10 to 20 percent of the ensuing year's expenditure budget is advisable for Northview Public Schools. This gives the District more stable operating funds during the year, helps avoid or reduce the necessity of borrowing for short-term cash flow purposes and acts as a buffer against the uncertainty of state aid revenues accruing to the District. In addition, employee benefit costs are expected to increase significantly in the next few years, which will require the use of fund balance reserves considering the expectation of small (or no) growth in state aid revenues.

Our audit this year was again completed under the requirements of Statement on Auditing Standards No. 99 "Consideration of Fraud in a Financial Statement Audit" (SAS No. 99), which requires both auditors and their clients to more directly and openly assess those areas within a school district that might be susceptible to fraudulent activity, which would normally include those areas outside the central office that handle cash, inventory, supplies, etc. This is an important audit standard that requires increased face-to-face discussions/interviews with client personnel and extensive documentation of our findings for future reference. We found that Northview Public Schools has a very extensive network of internal controls within its accounting and record keeping system, and found those tested this year to be operating in the manner intended. Working with District business office personnel, we will be testing other control areas each year as a part of our audit, with suggestions and recommendations to follow the testing each year, to assist the District in maintaining and improving its systems.

This communication is intended solely for the information and use of the Northview Public Schools Board of Education, administration and others within the organization. We have furnished a copy of this letter to the Michigan Department of Education as an enclosure with the audit report as required by the State of Michigan.

We appreciate the opportunity to provide financial auditing and advisory services to Northview Public Schools and hope to continue to do so in the future. We also appreciate the dedication and cooperation of the District's administration and accounting personnel in performing their functions and in assisting us in completing ours. If there are any questions regarding the audit report, or the attached communications, we will be happy to address them.

*Hungerford, Aldrin, Nichols & Bentley, P.C.*

Certified Public Accountants